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UN Links Burma Aid To Political Dialogue

\$1 Billion Is Possible If Generals Will Talk With the Opposition

By Thomas Crampton
International Herald Tribune

RANGOON — The United Nations and World Bank have entered into secret negotiations with Burmese government and opposition leaders to offer the ruling military regime \$1 billion in financial and humanitarian aid in exchange for opening a dialogue with the opposition, according to sources involved in the negotiations.

Initiated only weeks ago, the plan has been introduced at a time of bitterly polarized and deeply entrenched political stalemate in Burma.

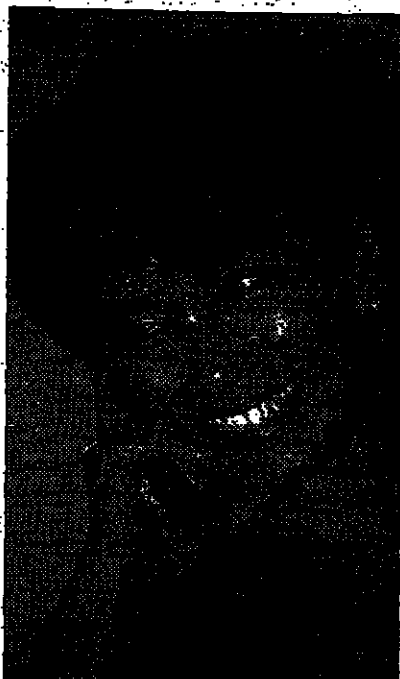
But government officials, opposition leaders and Rangoon-based diplomats said the attempt at dollar diplomacy offered "the best glimmer of hope yet" for breaking the deadlock between the opposition led by Daw Aung San Suu Kyi and the ruling generals.

The plan calls for step-by-step compromises from both the government and the opposition, with progress rewarded by increasing amounts of financial assistance and humanitarian aid.

"A lot of sticks have been used — and they remain in place — but now we are also offering the government some carrots," said a Rangoon-based diplomat who is involved in the negotiations. "With the reaction we have received so far from all sides it is not impossible to outline a win-win scenario."

Both the government and opposition have agreed to pursue the idea in further meetings with a United Nations envoy set for next week. The plan also calls for the government to take place in Burma within the next eight weeks, sources in the government and the opposition said.

This is the first time that the United Nations has attempted to include international financial institutions directly in political negotiations, and it comes amid growing criticism that past peace efforts have been



Daw Aung San Suu Kyi would be able to stop the funds at any time.

undermined by a lack of such coordination among the organizations.

Presented late last month in Burma by a United Nations special envoy, Alvaro de Soto, the plan was formulated at a secretive meeting held weeks earlier in southern England between the World Bank, the United Nations and five Rangoon-based ambassadors who attended in an unofficial capacity.

Sources involved in the negotiations said they discussed the first step for a release of funds, which was initially set at requiring the government to release political prisoners, allow Daw Aung San Suu Kyi freedom of movement and permit her National League for Democracy to function as a political party. In exchange, the National League for Democracy would agree to rescind its calls to convene Parliament, and international funding would be opened to Burma for the first time in more than a decade.

Funneled through the World Bank, the bulk of the funds would come from Japan, with additional assistance expected from Australia and Singapore, sources involved in the negotiations said.

If the plan proceeds, the United States, which has imposed a wide range of sanctions against the country's military and government, will have withdrawn its long-standing economic veto of any financial assistance for Burma from the International Monetary Fund and

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U.K. Lords Rule Against Pinochet

In 3-2 Verdict, Judges Reject Immunity for Former Chilean Leader

By Warren Hoge
New York Times Service

LONDON — The House of Lords on Wednesday rejected General Augusto Pinochet's claim to immunity from arrest, committing him to remain in custody here while Spain seeks his extradition on charges of genocide and terrorism.

In tersely worded verdicts read out individually in the ornate upper chamber by the five Law Lords constituting

Joy and anger in Santiago. Page 4.

England's highest court, the judges ruled, 3 to 2, that crimes like hostage-taking and torture are not protected by sovereign immunity because they cannot be considered functional acts of a head of state.

The ruling overturned the Oct. 28 judgment of England's High Court that the former Chilean dictator could not be arrested because he was a former head of state. The court told him to stay in England while the Crown Prosecution Service, representing the Spanish authorities, appealed the decision. The surprise arrest took place Oct. 16 in response to a request from a Spanish judge, Baltasar Garzon, that he be held in London for extradition to Madrid.

[The Chilean foreign minister, Jose Miguel Insulza, will be dispatched Thursday to London in a new effort to free General Pinochet. President Eduardo Frei announced Wednesday, Agencia France-Press reported from Santiago, Mr. Insulza will also travel to Madrid in a bid to persuade Spanish authorities to drop their extradition request, Mr. Frei said.]

Lord Nicholls, expressing Wednesday's majority view, told the House, "International law has made plain that certain types of conduct, including torture and hostage-taking, are not acceptable conduct on the part of anyone. This applies as much to heads of state, or even more so, as it does to everyone else. The contrary conclusion would make a mockery of international law."

The decision marked a significant broadening of the possibilities opened up by changes in international law and new human rights covenants for pursuing people across national borders with allegations of crimes against hu-



Anita Gonzalez, left, who lost family members in the Pinochet years, being comforted Wednesday in Santiago.

manity. Opponents of the reasoning behind the finding Wednesday have said prosecutors could apply it to people like Queen Elizabeth II for past British actions in Ireland and President Bill Clinton for the bombing of Iraq.

In a press conference in Parliament, Geoffrey Bindman, a lawyer representing Amnesty International and the families of victims of the Pinochet regime, called the ruling "the most important case in human rights law this century." He added that "the significance of this case will extend to all repressive regimes where the heads of state seek to assert the freedom to travel around the world living in luxury on the proceeds of their crimes."

The first two judges to speak, Lords Slynn and Lloyd, upheld the High Court decision, raising the prospect among the hundreds of thousands of people watching the event on television that General



General Pinochet, who is in a London hospital under police guard.

See PINOCHET, Page 4

Government Of Turkey Falls After Losing Vote

By Stephen Kinzer
New York Times Service

ISTANBUL — The government of Prime Minister Mesut Yilmaz, plagued since its inception 17 months ago by competing pressures from Islamic groups and the rigidly secular military, lost a confidence vote Wednesday in Parliament and fell.

The vote, by a 314-to-214 margin, came after Mr. Yilmaz was implicated in a corruption scandal in which he allegedly helped gangsters buy a state-owned bank. He has denied all charges against him.

President Suleyman Demirel was expected to ask Mr. Yilmaz to stay on as prime minister until an interim government can be formed to take the country to an early election in April. But with both Turkey's center-right and center-left parties divided by bitter rivalries, there seemed little prospect that a stable government could emerge from the election.

As a result, the military is likely to retain ultimate political power here. Its commanders view themselves as the only stabilizing force in the country and the final bulwark against religious fundamentalism. Critics, however, say their political role restricts the growth of Turkish democracy.

After two years of spectacular revelations about ties between criminals and successive Turkish governments, many Turks have become deeply cynical about politics. Some believe that supporting the Islamic party is the best way to show their disgust with the political establishment. Military commanders, however, might not allow the party to come to power even if it won the election.

Mr. Yilmaz had sought to ease military-backed restrictions on Islamic symbols, which he evidently believed were too strict, and risked creating a political backlash. He urged the military to stop insisting

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In South Korea, Slump Is Worst Since War's End

By Don Kirk
International Herald Tribune

SEOUL — South Korea's economy contracted at a 6.8 percent annual rate in the third quarter of this year, the Bank of Korea reported Wednesday, painting a statistical portrait of a country in the depths of its worst recession since the Korean War ended in 1953.

Economists here said they saw little sign of a turnaround in Asia's second-biggest economy, and some warned that worse may still lie ahead.

"Hong Ki Seok, who specializes in forecasting at the Korea Development Institute, a government research organization, predicted another report of a 'slow' growth" for the fourth quarter, as government and business face the need to pay off or reschedule \$30 billion in loans next year.

"Korea is still trapped in the tunnel of severe recession," Mr. Hong said.

The July-September quarter was the third consecutive one in which the gross domestic product, the total value of the nation's output of goods and services, contracted. The decline followed a 3.9 percent drop in the first quarter and a 6.8 percent shrinkage in the second. It has been 45 years since the South Korean economy contracted for three quarters in a row.

The Bank of Korea said "increased interest payments to the rest of the world" were the reason the country's gross national product was falling sharply. South Korea's foreign debts total \$154 billion. The economy contracted as the country's heavily leveraged companies struggled to pay interest rates on loans.

The country was rescued from the brink of bankruptcy nearly a year ago

See KOREA, Page 18

AGENDA

Dr. Kevorkian Is Charged With Murder

PONTIAC, Michigan — Michigan prosecutors on Wednesday charged Dr. Jack Kevorkian, a prominent U.S. advocate of assisted suicide, with first-degree premeditated murder in the death of a terminally ill man whose death from a lethal injection was shown on television.

Other charges filed against Dr. Kevorkian were criminal assistance of a suicide and delivery of a controlled

substance. The Oakland County prosecutor, David Goreyca, said his office decided to press charges after seeing a videotape of the death, an edited version of which was broadcast.

Mr. Kevorkian, seeking a legal showdown over euthanasia, dared prosecutors to charge him after he was shown giving a fatal dose to Thomas, York, 52, who had amyotrophic lateral sclerosis, known as Lou Gehrig's disease.



A GOOD START — President Jiang Zemin of China arriving for a dinner Wednesday at the state guesthouse in Tokyo in a cheerful mood, seated next to Prime Minister Ryutaro Hashimoto of Japan, left. Security was tight in the Japanese capital as Mr. Jiang began his six-day state visit to Japan, the first by a Chinese leader.

Ankara Defuses Tension With Italy

Turkey eased its insistence Wednesday that Italy hand over the Kurdish rebel leader Abdullah Ocalan for trial, pointing to a possible lowering of tensions between the two countries.

"Ideally, we want him to be prosecuted and punished in Turkey," a government spokesman said. "But if this does not happen, he should be prosecuted under international law against terrorism and punished in a third country such as Italy and Germany." Mr. Ocalan, the leader of the Kurdish Workers Party, or PKK, was arrested in Rome on Nov. 12. Page 4.

PAGE TWO
In the Caribbean, a Paradise Lost

The Internet
The IHT online: www.ihl.com

The Dollar		
New York	Wednesday @ 4 P.M.	previous close
DM	1.7045	1.7037
Yen	121.705	121.025
FF	5.7133	5.7123
Pound	1.661	1.6601
Dollars per pound		

The Dow			
Wednesday close	percent change		
+13.13	9,314.28	+0.14%	
+3.88	1,186.87	+0.33%	
+18.88	1,985.20	+0.96%	

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Decision Causes Dilemma For Blair's Government

Choice Between Wishes of Labour and of an Ally

By Tom Buerkle
International Herald Tribune

LONDON — The unexpected decision to deny General Augusto Pinochet immunity from arrest poses a dilemma for the government of Prime Minister Tony Blair, which must now choose between the desire of most Labour Party members to see the general extradited to Spain, and the wishes of a Chilean government that has been one of Britain's stoutest allies in Latin America.

The ruling that General Pinochet does not enjoy immunity also sent a strong warning to dictators around the world that they can be pursued for human rights abuses if they venture abroad, legal experts said Wednesday.

Unless the government decides quickly to release General Pinochet on compassionate grounds, Spain's attempts to extradite the former dictator still face major legal hurdles here, however, and it could take months or even years to decide his fate. But the Law Lords set a major precedent by ruling that a head of state cannot claim sovereign immunity for crimes against humanity.

"The Law Lords are effectively vindicating the principles that were laid down by the Nuremberg court" after World War II, said Lord Lester, a human rights lawyer. "It is very, very important that there should be no hiding

place in any state for people who are accused of the most heinous crimes against humanity."

After the ruling, crowds of Chilean exiles and human rights supporters erupted in celebration in London and in Madrid. In Madrid, Isabel Allende, the daughter of former President Salvador Allende, who died during the 1973 coup that brought General Pinochet to power, hailed the ruling. "This demonstrates that in this world principles do exist and that dictators cannot travel with impunity and think they are above the law," she said.

"For the first time in 25 years, I would say there is a bit of justice," said Helia Lopez, a Chilean exile who joined the throng outside Parliament in London bearing the picture of her brother-in-law, Hector Roberto Rodriguez Carcamo, who disappeared during the Pinochet years.

The intensity of the reaction to the judgment underlined the pressure facing the government and Home Secretary Jack Straw, who must decide by Dec. 2 whether to allow extradition proceedings to go ahead. Mr. Straw did not comment after the ruling, and aides insisted he would review the Spanish extradition request in a "quasi-judicial capacity."

Mr. Straw was a leftist student leader in Britain during the Allende years, and

See LORDS, Page 4

Netanyahu's Scramble to Gain Support

Israeli Prime Minister Lures Levy to Cabinet in Effort to Broaden Coalition.

By Lee Hockstader
Washington Post Service

JERUSALEM — Since he returned from signing a peace deal in Washington a month ago, the Israeli prime minister's daily political agenda has resembled the "Perils of Pauline" — a nonstop scramble to plug new holes in the leaky dike of his government.

Just this week, Benjamin Netanyahu has tried to soothe Jewish settlers who are jittery over Israeli troop withdrawals by promising them new roads, pools and community centers. He has warned irate nationalist allies to support him or face political oblivion. And on Wednesday he canceled a trip to Switzerland and twice delayed his departure for London in order to forge an extraordinary deal to

broaden his coalition by luring David Levy, the popular former foreign minister who resigned in January, back into a prime cabinet position.

"I think it's important to secure as broad a base for the support for the peace process that we're negotiating, trying to achieve — security and peace for Israel," Mr. Netanyahu told reporters before leaving for London.

In London, Mr. Netanyahu is to meet with Prime Minister Tony Blair, who has expressed support for Mr. Netanyahu's moves in the peace process, before going on to the United States at the end of the week.

Having lost a reliable majority in Parliament, Mr. Netanyahu's main concern seems to be to avoid being forced into elections before his term expires two

years from now. The price for that may be forming a national unity government — an alliance with his most bitter enemies in the dovish Labor Party.

That prospect is clearly unsavory for Mr. Netanyahu, even though he has now embraced the very land-for-security policies his Labor predecessors initiated. But it may be the only way he can stay afloat while Israel continues to withdraw from the West Bank as it agreed to do under President Bill Clinton's prodding last month.

In the daily Ha'aretz on Wednesday, Gideon Samet wrote that the "new trick" of wooing Mr. Levy would "paper over the disintegration of the coalition majority in the government and

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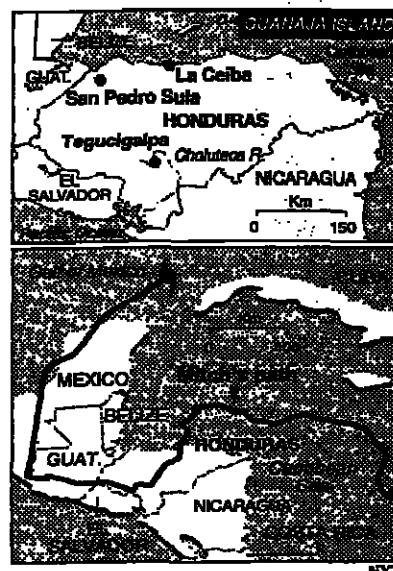
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India	1.25 INR	U.A.E.	10.00 Dh
Japan	1.25 ¥	U.S. Mkt. (Est.)	\$1.20
Korea	1.25 ₩	U.S. Mkt. (Est.)	\$1.20
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Paradise Lost/ An Island Torn Asunder



John Ward Anderson/The Washington Post



Herman Johnson, a fishing boat captain, owned three houses in Mangrove Bight, all of which were destroyed. He built this one-room A-frame from the remains. There's a joke going around, he said. The government came on Monday before the storm to collect taxes, and they haven't been seen since.

After Mitch Took Everything, Residents Rebuild

By John Ward Anderson
Washington Post Service

GUANAJA, Honduras — This tiny palm-fringed island used to be best known as a landfall for Christopher Columbus and a hideout for 17th-century buccanniers, who made fortunes sacking gold-laden Spanish galleons. In modern scuba-diving circles, it earned renown as a secluded tropical oasis set amid some of the world's most spectacular coral reefs.

But today, Guanaja is best known as the Caribbean island over which the hurricane designated Mitch stalled for almost two days, lashing its fragile offshore ecosystems, tropical forests and coastal towns and resorts with driving rains and wind gusts of over 320 kilometers (200 miles) per hour. When the storm finally drifted away, it left behind wrecked hotels and houses, a ruined tourism industry and widespread environmental destruction.

Entire towns were destroyed. Mangrove Bight, a community of about 1,700 people and 200 houses on the north coast, now has about 20 partially intact buildings. The rest of the town is a junk heap of wood, cloth, paper, cement blocks and electrical appliances.

Along the island's steep shores, luxury home sites are marked by fields of splintered wood. Forests were blown down and acres of topsoil washed away. What trees remain upright were stripped of their leaves and bark and stand like twisted, gnarled skeletons.

The huge network of underwater coral reefs — home to sea urchins, exotic fish and eels, brilliant yellow, orange and red sponges, sea turtles, shipwrecks and numerous types of coral — has not been surveyed completely. But one of the island's diving companies said about 20 percent of the reefs it visited immediately after the storm had been destroyed.

"This island was dealt an awful blow by Mitch," said Julius Rensch, a Floridian who is president of Guanaja's tourism association and the manager of a seven-room hotel on the south side of the island that was destroyed. "But the resilience of the people here will allow them to pull back faster than the mainland, even though the mainland's going to get a lot more assistance. The islanders are not going to wait for help. They're independent and tough."

Amazingly, only 10 people died on Guanaja (pronounced wa-nah) during the storm, which killed an estimated 10,000 people, mostly in Honduras and Nicaragua, during its rampage through Central America.

The storm wreaked massive environmental damage throughout the region, often in the same places damaged by huge forests fires last summer. That was no coincidence. First the fires deforested huge mountains, and then — absent the trees and un-



John Ward Anderson/The Washington Post

Vivalee Cooper sitting on what used to be the floor of her house; it is now the roof, and she and her three children live under it.

dergrowth — the rains caused massive erosion. Tiny streams became raging torrents that spilled their banks and ripped up huge swaths of trees. Hundreds of thousands of mature trees spilled from the mouths of rivers into the Caribbean and now line beaches as far as the eye can see. Honduran environmental officials said some forests lost up to 70 percent of their trees. Top government officials are considering a 10-year moratorium on logging.

IN NICARAGUA, "preliminary data indicate that hundreds of thousands of trees were lost, many river beds, coastlines, lagoons, swamp lands and cultivation soils were damaged in large proportions," said the environmental minister, Roberto Stadthagen. "In some cases, the destruction was irreversible."

The small but growing tourism industry in both Honduras and Nicaragua was devastated. The problem, government officials say, is not so much wrecked infrastructure as heightened concern among potential tourists about unhealthy water and the potential for disease and crime. In fact, the two

most popular tourist destinations in Honduras — the ancient Mayan city of Copan and the Caribbean island of Roatan, a bigger, glitzier neighbor of Guanaja — for the most part escaped severe damage and are open for business. "People are going to be afraid to come to Honduras in the short term because of water pollution and thievery because of hunger," said Arturo Corvelo, a government spokesman. "Call it the Mitch Syndrome. I'm not sure where reviving tourism is going to come in the list of national priorities."

Nowhere is that question more pressing than among the approximately 10,000 residents of Guanaja, a 21 square mile (55 square kilometer) island that rises to about 1,350 feet (410 meters) just 40 miles off the Honduras coast. Islanders — a curious cultural mix of retired Americans, descendants of black African slaves and white, English-speaking holdovers from the days when Guanaja was a British colony — said they had received aid packages from private groups, but have gotten virtually no disaster assistance from the government.

MANY of the estimated 1,200 houses that were destroyed were built on stilts above the water to escape sand flies and mosquitoes. Few people had insurance. Every one of the island's 12 hotels was severely damaged, although the two most famous — Bayman Bay Club and Posada del Sol — expect to reopen soon.

Equally uncertain is the permanent impact on the environment of Guanaja, which Columbus dubbed "the island of Pines" when he landed here in 1502 because of its groves of tall pine trees. Prior to Mitch, the island had a lush green canopy of pines, palms and fruit trees with abundant bird life, and its inlets were lined with mangroves. Today, the island is completely brown, and sightings of parrots and hummingbirds are rare, residents said.

Some ecologists say that hurricanes are part of a natural cycle and are necessary to thin forests, lower the salinity of coastal waters and — as in the case of Guanaja — scrub underwater reefs and remove collected debris and pollution. Others are concerned that greater deforestation and erosion on the island could increase silt deposits on the offshore gardens of coral. Residents, meanwhile, say that rebuilding their lives is the first order of business, but that the destruction was so complete, they hardly know where to begin. "We watched everything we worked for our whole lives go down the drain," said Robert Tatum, 51, and his wife, Jane, cleared debris from their beachfront property. All that was left of their house was a set of stairs. "One thing I can assure you is we're not going to leave it. This was all I ever worked for, and I'm not going to walk away because a hurricane came and blew my house down."

Starr, Polishing Image, Is Quizzed on Adultery

Disapproving, He Declares His Faithfulness

By Howard Kurtz
Washington Post Service

WASHINGTON — It will come as no surprise to most Americans, but the special counsel, Kenneth Starr, says he does not approve of extramarital sex and has never engaged in it himself.

In his first prime-time interview, with ABC television, Mr. Starr said, "The answer to the big question is 'no.' I have not been unfaithful to my spouse."

"I'm not trying to pat myself on the back, but I've tried to live by what I believe is my obligation and my responsibility."

Asked whether adultery was a great sin, Mr. Starr said, "At a moral level, it's each person's determination about what kind of life he or she is going to lead."

The interview with Diane Sawyer of ABC is part of Mr. Starr's effort to refurbish his image after intense criticism from White House officials and congressional Democrats.

A spokesman said Mr. Starr had felt that it was not appropriate to give major media interviews until after his testimony Thursday before the House Judiciary Committee on his findings concerning President Bill Clinton. Mr. Starr's Sept. 9 report to Congress, which alleged perjury, witness tampering and obstruction of justice by Mr. Clinton, contained graphic details of the president's relationship with a former White House intern, Monica Lewinsky.

Mr. Starr spoke with the Ms. Sawyer for three and a half hours last weekend. A one-hour program containing excerpts of their conversation was to be broadcast Wednesday evening on the network's 20/20 program. Participants in the session described him as defensive at times, candid at others, and emotional when discussing his staff.

While shedding little new light on his investigation of Mr. Clinton's relationship with Ms. Lewinsky, the special prosecutor did acknowledge problems in the handling of Linda Tripp, Ms. Lewinsky's close friend, who brought her secret tape recordings of conversations with Ms. Lewinsky to Mr. Starr's office in January and later wore an FBI wire. Mr. Starr was asked about Ms. Tripp's being allowed to leave his office and, hours later, speak to attorneys representing Paula Jones in her sexual harassment suit against the president.

"I think we could have had better control of her," he said. Mr. Starr added that his staff had been unaware of the contact with Mrs. Jones's lawyers.

Ms. Sawyer said Monday that she was surprised he was as accessible on the

personal questions as he was, talking about his views of extramarital sex. "She said the subject was legitimate because in the political arena, as he knows, there is a constant questioning of hypocrisy."

The ABC program, for which five of Mr. Starr's prosecutors were also interviewed, gives him a high-profile forum to combat the perception that he is, as Ms. Sawyer put it, "a moral crusader," "self-righteous," "sanctimonious," "a puritan" and "the sex police."

Such critics are wrong, Mr. Starr said, because Attorney General Janet Reno approved his request to examine whether crimes were committed in the Jones case. Mr. Starr commented on the purpose of that inquiry: "Were crimes committed? Not 'Gee, what really happened in that hotel room at the Excelsior?' Forget that. And you know what? The whole idea of equal justice under law means that you've got to play by the rules. It has nothing to do with the underlying subject matter. You just tell the truth."

He also defended the content of his report to the House, saying his staff made a "professional judgment" to include the graphic sexual detail about Mr. Clinton and Ms. Lewinsky. When Ms. Sawyer questioned the report's tone, he shot back: "Diane, don't fault career prosecutors for telling the truth."

Asked what he personally thought of Mr. Clinton, the prosecutor described him as "extraordinarily talented, wonderfully empathetic." But his tone was very different when Ms. Sawyer asked what would happen to the legal system "if Bill Clinton is allowed to get away with this."

"I think perjury — let me say, lying under oath and encouraging lies under oath — does go to the very heart and soul of what counts do," Mr. Starr said. "And if we say we don't care, we're forgetting about courts and we're just leaving other ways of figuring out how to handle disputes, let's abolish the judiciary. But as long as we have the courts — and I think any judge worth his or her salt would say, 'We cannot tolerate perjury.'"

Mr. Starr gave no on-the-record interviews during his investigation until he spoke last spring to *Brill's Content* magazine, touching off a furor by acknowledging that he had talked to reporters on a not-for-attribution basis.

Charles Bakaly, a spokesman for Mr. Starr, said that the special prosecutor may do more interviews but "is not trying to run some media campaign." "He doesn't feel a need to vindicate himself," Mr. Bakaly said. "I think he just recognizes there is a public interest. He is a public figure and he's trying to meet that need."

Hong Kong Opts Not to Renew Contract of Airport Director

The Associated Press

HONG KONG — Five months after the disastrous opening of Hong Kong's new \$20 billion airport, its chief executive is stepping down, the airport authority said Wednesday.

The departure of Hank Townsend, a former International Bechtel Inc. engineer, takes effect Monday, when his contract ends, according to a spokesman for the airport authority, Chris Donnelly.

Mr. Townsend, "was suspected to have had a mild stroke, but that is not the reason why he is retiring," Mr. Donnelly said, declining to elaborate. The move comes just days after Mr. Townsend testified during legislative hearings that he could have been more forthcoming about potential problems when the airport at Chek Lap Kok opened on July 6.

Government officials have complained that they were not fully informed and proceeded with a gala opening of the airport that left them embarrassed as computer breakdowns and systems problems crippled both passenger and cargo services. Meantime, the official who originally said he would take the blame for the airport troubles was reappointed as chairman of the airport authority, along

with 14 other board members whose terms were expiring.

Wong Po-yan and the others will keep their jobs as an interim arrangement for another six months, amid investigations into the problems, the government said.

"The airport is now running smoothly and we will continue to do so. We can in close collaboration with the government," Mr. Wong said in a statement.

The airport's troubled opening was costly. The government has estimated that a ban for more than a month on all cargo except perishables and essential goods will shave 0.35 percent off the territory's gross domestic product.

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Defibrillator Saves a Life on U.S. Flight

The Associated Press

BOSTON — A man who went into cardiac arrest while aboard a plane to Los Angeles is believed to be the first person to have his life saved by a defibrillator during flight, an airline spokesman said.

Michael Tighe, 62, director of community relations for the Boston Public Health Commission, went into cardiac arrest last week aboard an American Airlines flight.

After his wife, Dolores, began performing cardiopulmonary resuscitation, flight attendants arrived with the defibrillator.

After shocking his heart five times,

attendants turned over the care of Mr. Tighe to a doctor aboard the flight.

Mr. Tighe's flight was diverted to Denver, where he was hospitalized.

Other passengers have been shocked with a defibrillator in-flight, but Mr. Tighe is believed to be the first to survive, an airline spokesman said.

In February, a man was successfully revived with a defibrillator as his American Airlines flight waited at a gate in Texas.

In July 1997, American became the first domestic airline to require the portable defibrillators — about the size of a laptop computer — aboard planes. Other airlines have since followed suit.

TRAVEL UPDATE

X-Ray or Strip Search?

WASHINGTON (AP) — For the first time, U.S. Customs inspectors at airports are giving passengers suspected of smuggling drugs the option of being X-rayed instead of strip searched.

The pilot program is under way at New York's Kennedy International Airport and Miami International Airport.

Continental Airlines has sued rival Delta Air Lines over baggage-sizing devices it installed at security checkpoints that both airlines share, alleging the equipment creates traffic jams. (AP)

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.



Legend: Much of the central and eastern part of the country will be dry and unseasonably warm. Temperatures may reach the middle 80s in Chicago and Toronto and 10-15 in New York City and Washington, D.C. The Northeast will remain stormy, and California may have some showers.

Heavy rain from Tropical Storm Elsie will drizzle Southeast Asia. Heavy rain from Tropical Storm Elsie will drizzle Southeast Asia.

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THE AMERICAS

Republicans See Perjury Count as Cliff-Hanger

By Guy Gugliotta
and Juliet Eilperin
Washington Post Service

WASHINGTON — A preliminary survey by House Republicans looking ahead to a floor vote next month on impeaching President Bill Clinton has found that a single article charging him with perjury would come close to passing, while a possible second count of obstruction of justice would fail, according to senior Republican Party sources.

But a punishment for Mr. Clinton short of impeachment, such as a congressional resolution of censure, appeared to be gaining momentum.

The Republican vote count, the sources said, showed that such a measure was likely to pass if Democrats followed the public position of their leadership and embraced it. Even wavering Democrats are now doing that, with Representative Paul McClellan, a Republican of Illinois, for a vote on articles of impeachment the week of Dec. 7 and a vote in the full House the following week.

Judiciary Committee sources said the panel had no plans to depose any witnesses beyond the three expected to appear next week regarding Mr. Clinton's involvement with former White House volunteer, Kathleen Willey, who has accused the president of groping her in the Oval Office suite in 1993.

The sources said the committee was also considering granting the White House a full day of public hearing the week of Dec. 7 to mount a defense, before the Republican chief counsel, David Schippers, makes a closing presentation. Then, the committee will debate and vote on articles of impeachment.

The 21 Republicans on the 37-member committee are virtually certain to approve a charge against Mr. Clinton

was increasingly likely that the leadership would allow a vote on censure.

In an interview, the chairman of the House Rules Committee, Gerald Solomon, Republican of New York, suggested the form a censure resolution could take: a measure, like Mr. McHale's proposal, that would be passed by both the House and Senate and require Mr. Clinton's signature.

The vote survey Tuesday and Mr. Solomon's comments were among the first indications since the speaker-designate, Bob Livingston, Republican of Louisiana, assumed leadership of his party in the House, that Republicans outside the Judiciary Committee have begun seriously to explore possible outcomes to the impeachment inquiry.

The Judiciary panel itself now seems intent on wrapping up its investigation as soon as possible in order to meet the plan of its chairman, Henry Hyde, Republican of Illinois, for a vote on articles of impeachment the week of Dec. 7 and a vote in the full House the following week.

On many of the questions, allies believe the White House will provide the "admit" or "deny" answers requested by the committee; on other, more confrontational questions, such as those asking him to admit lying under oath, the White House will probably refer the committee to Mr. Clinton's Aug. 17 testimony to a grand jury convened by the independent counsel, Kenneth Starr.

House Republicans predicted that a perjury charge against the president could result in a cliff-hanger vote on the House floor.

A senior Republican leadership aide said that Republicans had counted 30 of the current Congress's 227 Republicans who "might possibly" vote against impeachment, but the estimate dropped to 20 when the measure was confined to a single perjury count. Only five Republicans have said they intend to vote against impeachment.

The aide said Republicans would quite likely pick up at least five Democratic defectors, and possibly two or three others, bringing them within three votes of the 218 needed to impeach the president.

Telephone calls to the 31 Democrats who voted with

the Republicans in October to open the impeachment inquiry found at least three who say they will vote for impeachment. Five others said they would not vote to impeach, while the rest either have not made up their minds or did not return calls.

One of the Democrats included in the Republicans' original count of five defectors, however, was Mr. McHale, who on Tuesday released a draft joint resolution that "does hereby censure and condemn William Jefferson Clinton," charging that Mr. Clinton committed perjury, obstructed justice and "acted in a manner contrary to his trust as president."

Mr. McHale said he had drafted the resolution because "it became clear to me that impeachment in the House was unlikely, and the possibility of conviction in the Senate was extremely remote."

"If, in fact, the outcome of the impeachment process is unlikely to affect the president's term in office, it is in the nation's best interest that we conclude the matter quickly and responsibly," he said.

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LUCKY TURKEY — President Bill Clinton, center, announcing a pardon from Thanksgiving dinner for the bird given to the White House by Stuart Proctor, left, of the National Turkey Federation.

Away From Politics

• A skier paralyzed after he struck the steel post of a sign that read "Be Aware — Ski With Care" can sue the ski resort where the accident occurred, a California appeals court has ruled. John Van Dyke suffered fractured vertebrae and was permanently paralyzed from the waist down in the accident in 1994 at Bear Mountain. (AP)

• Less than a year after 11 wolves were released in Arizona in a widely promoted reintroduction effort, at least five are dead. Federal officials have offered a reward for information in three of the shootings; the fourth wolf was shot by a camper, who was not prosecuted. (AP)

• A 20-year FBI veteran was sentenced in Miami to five years in prison for stealing \$400,000 from criminals and the FBI to pay gambling debts. Jerome Sullivan, 44, admitted skimming funds from investigations of New York mob families and the Cali cocaine cartel in Colombia. (AP)

POLITICAL

Ads Figure in a Senate Face-Off

WASHINGTON — Senate Republicans have got their only postelection leadership fight as a first-term senator, Chuck Hagel, challenged a veteran, Mitch McConnell, for chairmanship of their campaign committee, vowing to try to stamp out negative campaigning and put a "positive" focus on the Republican message.

Mr. McConnell, of Kentucky, claims more than enough votes to win a second term as chairman of the National Republican Senatorial Committee. But Mr. Hagel, of Nebraska, says he is "within striking distance" of winning the votes of a majority of the 55 Senate Republicans at a caucus Tuesday. The party failed to make a net gain in Senate seats in the Nov. 3 elections.

"One of the lessons learned from the 1998 elections is that we need to give the American people reasons to vote for Republican candidates, not just against Democrats," Mr. Hagel said.

He was particularly scathing about what he referred to as "demonizing" ads. "This nonsense of savaging your opponent and making their noses grow long and their ears grow hairy and big, that's something my 6-year-old and 8-year-old find quite amusing," he said. "It's great theater, but I don't know what it does to improve the culture of politics or governance or leadership in this country." (WP)

Clinton Pushes Internet Adoptions

WASHINGTON — President Bill Clinton has announced the creation of an Internet site that will carry photographs and information on as many as 100,000 children in foster care nationwide, in hopes of matching them with adoptive parents.

Mr. Clinton announced the initiative at a White House ceremony marking the first anniversary of the Adoption and Safe Families Act, which revamped the foster care system to speed placement of children in permanent homes after they are taken from abusive or neglectful parents.

The law established federal bonuses of \$4,000 paid to states for every child who is adopted out of the child protection system, and \$6,000 for the adoption of a child considered hard to place because of age, handicap or other circumstances.

Mr. Clinton hopes the new Internet effort will help to achieve a goal of doubling the number of foster care adoptions by 2002. "We can use the Internet to promote adoptions while protecting the confidentiality of children and families," he said. "Technology has given us an important tool and we should use it."

Currently, 18 states have Web sites to promote adoptions of children in foster care, and other states provide information to private agencies that have created similar sites. But this cumbersome system makes it difficult for prospective families to learn about available children across the country. (WP)

Gun Champion Turns on Smokers

WASHINGTON — Charlton Heston may be a hero to gun owners but some of his heretofore friends in the smoking community cannot understand why the actor backed a California ballot initiative increasing cigarette prices by 50 cents a pack.

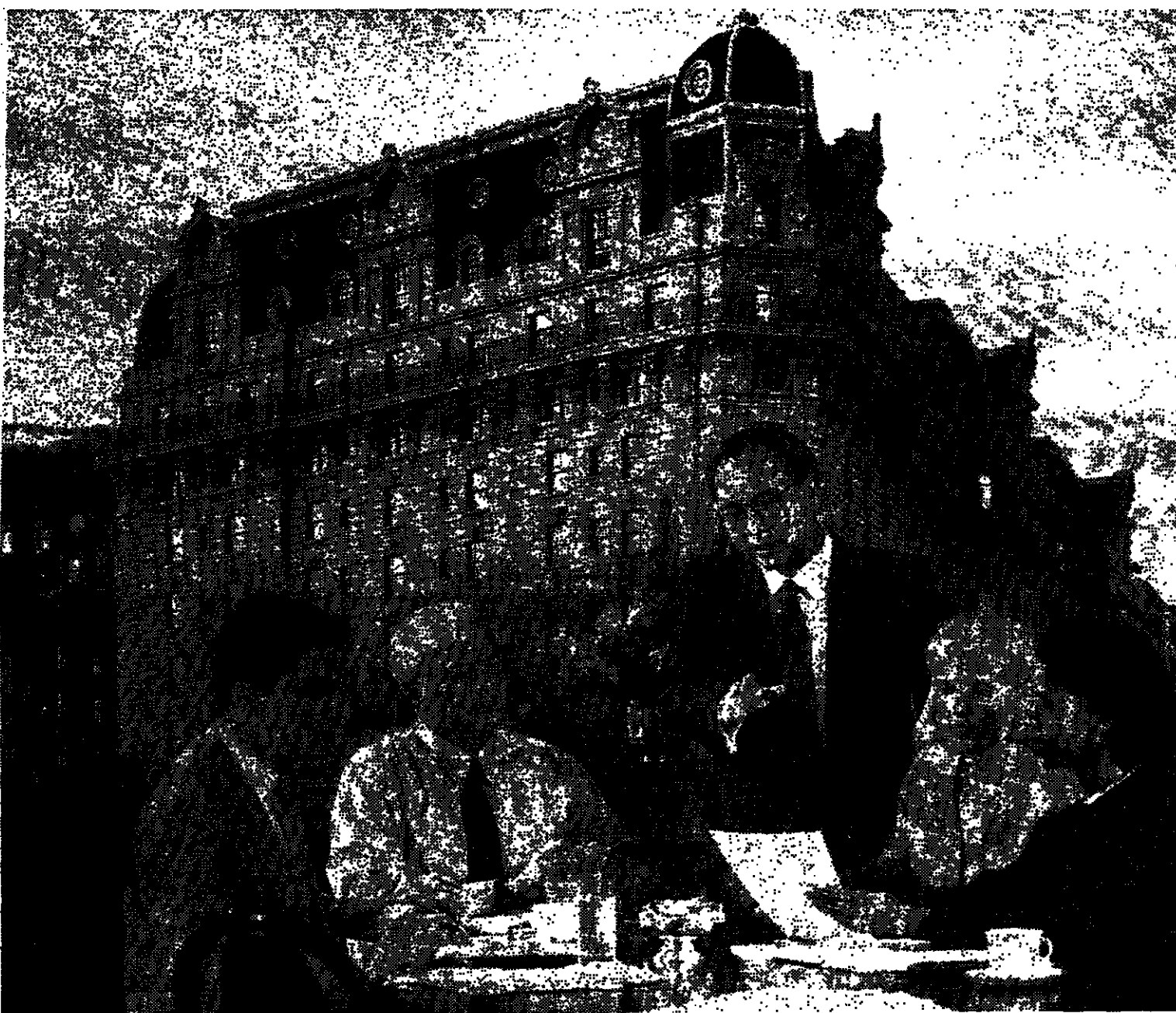
Tom Humber, president of the National Smokers Alliance, fired off an angry letter to 250 conservative activists saying Mr. Heston's "lapse of judgment" was a "dangerous precedent that requires public comment."

Mr. Heston, head of the National Rifle Association, supported the recently approved Proposition 10, which raises tobacco taxes to pay for childhood development programs. At the bequest of a friend, the Hollywood director Rob Reiner, Mr. Heston endorsed the increase in a radio spot. With that move, Mr. Humber says, Mr. Heston slid down a slippery slope.

"Proponents of the Nanny State will stop at nothing to achieve their vision of a collectivist utopia, in which there will be no tobacco, no guns, no alcohol, no Twinkies, no fur coats, no perfume, no peanuts on planes," Mr. Humber wrote in the letter to groups including the National Taxpayers Union, the Eagle Forum and the Firearms Coalition of Colorado. (WP)

Quote/Unquote

Kenneth Starr, the special counsel, in a television interview: "I think perjury — let me say, lying under oath, and encouraging lies under oath — does go to the very heart and soul of what courts do. And we do not want junior high students and high school students to in any way say there is anything other than zero tolerance for knowing untruthfulness in court." (NYT)



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INTERNATIONAL

Reno Ruling Lifts Obstacle From Gore Presidential Campaign

By Richard L. Berke
New York Times Service

WASHINGTON — Attorney General Janet Reno's decision Tuesday not to seek an independent counsel to investigate Al Gore frees the vice president from a daunting political milestone just as he is gearing up to begin soliciting millions of dollars for his presidential campaign in 2000.

Mr. Gore's closest advisers had viewed the federal inquiry concerning campaign fund-raising as the most potentially debilitating obstacle to his capturing the Democratic presidential nomination. They had feared that a protracted investigation would have discouraged people from making contributions, distracted Mr. Gore and his aides for months and handed the vice president's rivals in both parties ammunition to impugn his integrity. Now, advisers to Mr. Gore predict that Ms. Reno's move will discourage other Democrats from taking him on.

"There was nothing in the beginning

and there's nothing in the end but a lot of finger-pointing by Republicans," said Senator Tom Harkin, an Iowa Democrat who is close to Mr. Gore.

"It would really have been a heavy burden for him to bear while he's running for president," Mr. Harkin said. "I don't think it would have been a death blow, but it would have been a couple of good punches to the head. It would have made it much harder for him to raise money."

NEWS ANALYSIS

One close adviser to Mr. Gore, speaking on the condition of anonymity, said that virtually every move by the vice president would have been "suspect and potentially subpoenaed." Instead, the adviser said, it will now be "a suicide mission" for any Democrat to challenge "a very well-financed and well-organized vice president."

Advisers to Mr. Gore said Ms. Reno's decision came at a fortuitous time because in January the vice president planned to shut down his political action committee, set up to generate goodwill

by donating to the campaigns of candidates around the country, and to establish an organization to collect money for his presidential bid.

The attorney general's decision is the latest encouraging development for Mr. Gore, who was buoyed by the unexpectedly potent showing of Democrats in this month's elections. Mr. Gore had campaigned for many Democrats who were victorious. And aides to Representative Richard Gephardt of Missouri said the House Democratic leader might be discouraged from challenging Mr. Gore for the nomination because Mr. Gephardt would probably become House speaker if Democrats regain control of the House in 2000.

Given his role as an unusually influential vice president, and with the aggressive support of President Bill Clinton and the White House staff, Mr. Gore has long been by far the best-positioned Democrat to mount a presidential campaign.

But questions about his fund-raising practices have dogged Mr. Gore for

nearly two years, and had raised serious doubts about what some Democratic strategists considered the inevitability that he would capture the nomination. The questions had also threatened Mr. Gore's Boy Scout image and had so put him on the defensive that he refused to discuss the matter with reporters for more than eight months.

Jeff Woodburn, chairman of the Democratic Party in New Hampshire, which traditionally holds the first primary, said voters in the state had never been particularly concerned about the accusations that enveloped Mr. Gore.

"He's worked New Hampshire very hard and been very aggressive here," Mr. Woodburn said. "He starts with quite an advantage over most everyone else just by virtue of his position. The biggest question is can he go through the fire of ground campaigning in this state?"

A top aide to Mr. Gore, speaking on the condition of anonymity, said that while "I knew all along he had done

nothing wrong, I had no idea how the decision would come out." The aide added that he was relieved because "obviously, it's never pleasant to deal with this sort of stuff."

The vice president is still lampooned for his awkward performance at a news conference in March 1997, when he defended his telephone solicitations from the White House by declaring there was "no controlling legal authority" on whether they were permissible.

And future political opponents are likely to dust off photographs of Mr. Gore attending an event at a Buddhist temple in California that improperly funneled contributions to the Democratic Party.

"It's just going to remove any tinge of impropriety," Rachel Gorin, a Democratic strategist, said of Ms. Reno's decision.

"But any time you're playing high-stakes politics, they're going to throw everything at you — from the kitchen sink to the nuns and the temple," Ms. Gorin said. "You can guarantee that."

Turkey Eases The Tension With Italy

Compiled by Our Staff From Dispatches

ANKARA — Turkey eased its insistence Wednesday that Italy hand over the Kurdish rebel leader Abdullah Ocalan for trial on treason charges, pointing to a possible lowering of tensions between the two countries.

"Ideally, we want him to be prosecuted and punished in Turkey," Alastair Anderson, a government spokesman, said. "But if this does not happen, he should be prosecuted under international law against terrorism and punished in a third country such as Italy and Germany."

Turkey and Italy have been locked in a war of words over the fate of Mr. Ocalan, who was arrested in Rome on Nov. 12. Turkey promptly demanded his extradition to try him on charges of treason.

The leader of the Kurdish Workers Party, who spearheaded a 14-year armed campaign for Kurdish autonomy in southeast Turkey, has asked for political asylum in Italy. Italian law bars the handing over of suspects to countries that have the death penalty. Execution is legal in Turkey but has not been carried out since 1984.

Mr. Ocalan is also wanted in Germany for incitement to murder, but Bonn, fearing trouble among its large Turkish and Kurdish populations, has said it will not ask for his extradition. Italy urged Germany to make up its mind whether to act on its long-standing arrest warrant for Mr. Ocalan. But the chairman of the German Parliament's foreign affairs committee, Hans-Ulrich Klose, said Bonn would run the risk of "importing the Turkish war" if it requests the extradition and said Mr. Ocalan should be extradited to Turkey.

There are an estimated 11,000 members of the Kurdish Workers Party, or PKK, living in Germany. During a wave of violence in 1993, Turkish-owned businesses were attacked by the PKK throughout the country.

"Italy has no other choices to defuse this crisis," Mr. Anderson said. "If they let Ocalan stay in Italy, they can halt the PKK's terrorist activities but cannot stop drugs and arms smuggling by the group."

Also on Wednesday, Italy's Reformed Communist Party revealed that it had helped Mr. Ocalan come to Italy to seek political asylum. Ramon Mantovani, who is in charge of foreign affairs for the party, said he accompanied Mr. Ocalan to Rome from Moscow on Nov. 12. He said it was Mr. Ocalan's idea to seek asylum in Italy. "We just provided help, without informing the Italian government," Mr. Mantovani said.

Meanwhile, strengthened by expressions of support from its EU partners, Italy said it would strike back against any Turkish boycott of Italian goods over its refusal to extradite Mr. Ocalan.

Industry Minister Pier Luigi Bersani stressed that Italy had "no wish for a worsening of its dispute with Turkey, even on a trade level." But he said Rome had "a thousand ways" of hitting back if an embargo went ahead.

The Turkish government has denied calling for any boycott. (Reuters, AFP, AP)

Bonn Drops Call for NATO To Shift Over Nuclear Use

By Philip Shenon
New York Times Service

WASHINGTON — Germany's newly elected government has backed away from a threat to press NATO to pledge never to be the first to use nuclear weapons and thereby renounce a central tenet of its strategy.

After meeting at the Pentagon with Defense Secretary William Cohen, the German defense minister, Rudolf Scharping, said that "there is no intention in my government to question any core element of NATO strategy, including the fact that nuclear forces play a fundamental political role."

American officials said they were alarmed when the new German foreign minister, Joschka Fischer, a member of the environmentalist Green Party, suggested in a magazine interview published this week that Germany would press the North Atlantic Treaty Organization to renounce the possible first use of nuclear arms.

Mr. Cohen publicly rebuffed the German proposal. Welcoming Mr. Scharping's remarks Tuesday, Mr. Cohen said that NATO's nuclear policy should remain unchanged.

"Based on my conversations with Minister Scharping," Mr. Cohen said, "I think that we have a meeting of the minds — that the strategic concept is critical for NATO's security, that the strategic concept as far as the nuclear component should not be altered."

The United States is firmly opposed to any change in the doctrine allowing NATO to make first use of nuclear weapons in a war, arguing that it proved an effective deterrent during the Cold War and remains one today against small, nonnuclear nations that might develop chemical or biological weapons.

"We believe it continues to serve a vital security purpose for the NATO organization and should not be changed," Mr. Cohen said, standing next to Mr. Scharping at the news conference at the Defense Department.

The public debate within Germany in recent days over nuclear strategy suggests new rifts in the government coalition between the Social Democrats and the Greens. In a coalition agreement reached last month, the two parties agreed that NATO should renounce the possible first use of nuclear weapons, a clear concession to the Greens.

But it had been unclear to American officials whether Chancellor Gerhard Schröder, a Social Democrat, had accepted the declaration as an empty concession to the Greens or would in fact move to question one of the central tenets of NATO doctrine.

Mr. Scharping, a Social Democrat on his first visit to Washington as defense minister, said that the new German government had no intention of creating a rift with NATO by acting unilaterally on the issue.

"NATO is the most successful alliance we have ever seen in history so the main goal of our government in Germany is to strengthen NATO and its cohesion and to make NATO able to face the challenges for the next century," he said.



Demonstrators cheering the Pinochet ruling outside the London clinic where he is being held.

Mixed Reaction to Pinochet Ruling in Chile's Capital

Compiled by Our Staff From Dispatches

SANTIAGO — Some Chileans reacted with joy, others with anger Wednesday amid fears of violence after England's Law Lords ruled that General Augusto Pinochet does not enjoy sovereign immunity, opening the door to his possible extradition and trial.

Thousands of demonstrators, mostly young people, raced into the streets of central Santiago shortly after the decision to express their approval of the ruling. Boisterous in their jubilation, the demonstrators headed down the capital's main avenue toward the central Plaza Italia, undisturbed by the police, with the relatives of some of those who disappeared during General Pinochet's 1973-1990 reign at their head.

"A criminal does not have immunity," read a banner carried by a student. Some victims' relatives could not

contain their emotion as they hailed the decision of the Lords, who decided that the general should remain under arrest in London, where he was detained Oct. 16 at the request of a Spanish judge seeking his extradition.

"It is a transcendental moment for all of humanity," said Viviana Diaz, vice president of the group representing families who lost members to the military regime, her voice choked with emotion. Others called this "the happiest day" of their lives. "Justice does exist," one said.

Horns of cars and public transport vehicles blared in the center of the Chilean capital and nearby neighborhoods as drivers celebrated the London ruling.

Gladys Marin, president of Chile's Communist Party, called it a historic verdict "for all the people of Latin America who have suffered so much."

"Today, Pinochet was condemned by the entire world," she said.

At the other end of the city in eastern Santiago, General Pinochet's supporters received the news live on five giant screens erected in a foundation bearing the former Chilean leader's name. After a brief moment of perplexity, some burst into tears as the general's oldest son, Augusto, said: "My father received this hit on his birthday." The elder Pinochet was 83 on Wednesday.

"We cannot be held responsible for anything," said the foundation's president, Hernan Briones, as Pinochet partisans stopped yelling protests and began attacking cameramen and journalists in the establishment.

"The Lords' ruling is 'a humiliation,'" said Pablo Longueira, president of the Independent Democratic and Alberto Espina, head of the National Renovation

Party. These two parties backed General Pinochet's regime and now form the strongest opposition to President Eduardo Frei and his center-left coalition.

Peace in Chile depends on the situation of General Pinochet, said Mr. Longueira, who accused the government of not sufficiently defending the former leader.

The Chilean Army urged the government to take appropriate steps to secure General Pinochet's release from detention in London. The army statement came as the Frei government reiterated its call for Britain to release General Pinochet on the basis of immunity and announced the dispatch of the foreign minister to London.

In a brief nationwide address, Mr. Frei vowed to renew efforts to secure the release of the former dictator. (AFP, AP)



Isabel Allende, left, daughter of Chile's deposed leader Salvador Allende, and Joaquin Almunia, an official of Spain's Socialist Party, applauding the ruling Wednesday in England upholding General Pinochet's arrest.

PINOCHET: U.K. Lords Reject Immunity for Ex-Chilean Leader

Continued from Page 1

Pinochet would be flying home Wednesday afternoon on the Chilean Air Force jet that has been parked at a military field for the past six weeks.

But the next three judges, Lords Steyn, Nicholls and Hoffman disagreed, setting off gasps in the jammed public gallery and jubilant cheering and embracing among the Chilean exiles gathered on the street outside the stately Houses of Parliament.

The actual words that triggered the mad celebrations were as deliberate and understated as the quiet red leather club atmosphere in which they were uttered.

"I have had the advantage of reading in draft the speeches of my noble learned friends, Lord Nicholls of Birkenhead and Lord Steyn," Lord Hoffman told the hushed chamber. "I agree with them that Senator Pinochet does not have im-

munity from prosecution and I, too, therefore would allow the appeal."

General Pinochet, 83 on Wednesday, became Senator for Life in March, largely for the purpose of giving him immunity from prosecution in Chile.

There was no direct word from the hospital in North London where the Chilean has remained under police guard, recuperating from back surgery last month.

But one of his supporters, Hernan Larraín, a rightist member of the Chilean Parliament who visited the general after the ruling Wednesday, said General Pinochet was "composed, ready to go on."

"He said it is not easy to beat him," Mr. Larraín told Reuters. "He said his conscience is clear and he will keep fighting for what he thinks is right. He was not depressed."

In his only comment since his arrest, he issued a statement Nov. 8 saying he

was "hurt and bewildered" by his detention in England, a country whose institutions he always admired, and would fight the extradition order "with all my spirit."

While a group of 100 Chilean exiles and other Pinochet opponents danced and chanted joyously at the gates to the hospital, the ambulance that was expected to transport the general to Brighton Royal Air Force base in Norfolkshire drove off empty.

The focus now turns to Home Secretary Jack Straw, Britain's interior minister, who has the Spanish extradition request on his desk, along with offers from Belgium, France, Sweden and Switzerland. Bow Street Magistrate's Court in London has set a Dec. 2 deadline by which he has to decide whether to allow the Spanish request to go before the courts. On the same day, General Pinochet will have to make his first appearance at a preliminary hearing.

Mr. Straw has the power to allow General Pinochet to leave England on grounds like concern for his poor health, and among the first to urge him to do just that was Baroness Thatcher, the former prime minister who has lobbied for the general's release, saying the British should be grateful to him for his support during the war over the Falkland Islands in 1982.

"The Senator is old, frail and sick, and on compassionate grounds alone should be allowed to return to Chile," she said.

In the House of Commons on Wednesday afternoon, William Hague, the Conservative leader, also called on Mr. Straw to use his powers to let the general go and said what he said had become a huge diplomatic embarrassment for the country.

"It's damaging relations with a long-standing ally of our country and causing instability in a country that is now democratic," Mr. Hague said.

The British government has remained publicly aloof from the Pinochet proceedings, saying it was a matter for the judicial authorities here and in Spain.

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DESTINATION GREECE DOORWAY TO THE EAST

THRACE: TIME FOR DEVELOPMENT AND TOURISM

Rich with history, Greece's eastern provinces are attracting international trade, science and tourism.

According to many historians, without the gold of Thrace, as easternmost provinces are called, Philip, the father of Alexander the Great, would not have been able to unite Greece and prepare the country for the conquests of his son.

Furthermore, without the island of Samothrace, 10 miles off the coast of Thrace, Philip would not have met Olympias, a Greek princess from Northern Greece. They met in Samothrace during the religious celebrations, known as "mysteries," honoring the pre-Olympian gods; they fell in love, were married and Alexander was their only son.

The gold ran out a long time ago and the mysteries are no longer celebrated in Samothrace. Today, however, Thrace is going through a phase of dynamic development that will make it one of the most economically vital areas of Greece.

The beauty of Samothrace, meanwhile, continues to attract visitors, who come to this green island to marvel at the antiquities and see the site where the Victory of Samothrace, one of the most beautiful statues in the world (now in the Louvre Museum in Paris), was unearthed in 1863.

"Thrace is becoming a platform for development and economic cooperation with the Balkan and Black Sea countries," says Apostolos Photiades, former deputy minister of agriculture. Installations for an International Marketing Center are being prepared, while Alexandroupolis, the area's

main port, will provide free port status to neighboring Balkan countries, with facilities for storing containers.

Thrace will also benefit from the construction of the Egnatia Highway, which will cross Northern Greece from the Adriatic to the Turkish frontier and continue on to the Black Sea. It will be a revival of the Ancient Roman road of the same name that connected Rome with Constantinople.

"Other major projects are the hydroelectric station of Thisavros and the thermoelectric station of Komotini, which will use Russian gas carried into Greece through a pipeline crossing Bulgaria and Thrace," Mr. Photiades says.

The government has also started work on the creation of an Interborder Free Industrial Zone for Economic Exchanges in Ormenio, a town near the borders of Greece, Turkey and Bulgaria.

The most important project, both from the local and international point of view, is the proposed Burgas-Alexandroupolis pipeline for the transportation of Caspian Sea oil. An alternate route is also being proposed, which would run from the Russian-Turkish border to the Turkish port of Ceyhan in the Mediterranean.

In addition to these efforts, several distinguished Greek-American scientists are planning to create a "Technopolis," or Science City, near the local university, to be named after Democritus, the ancient philosopher and father of atomic theory.

According to Mr. Photiades, the driving force behind the Technopolis, which will be a large research center serving European, American and Asian companies, is city-planner Antonios Tomazinis, a professor at the University of Pennsylvania.

Natural beauty
Thracians believe that their development plans will also open their area to both national and international tourism. A unique attraction for European ecologists is the delta of the river Evros,

in the mountains that form the borders between Greece and Bulgaria.

The main area of tourist attraction, however, is Samothrace, a forested island of 180 square kilometers (72 square miles) spreading out from the 900-meter (3,000-foot) high mountain Saos. According to Homer's Iliad, Poseidon, god of the sea, watched the battles between Greeks and Trojans from the top of this mountain.

Before World War II, Samothrace had about 4,000 inhabitants. Now it has less than 3,000 permanent residents and a few modern hotels, totaling about 300 beds.

"We have a beautiful island but a short tourist season," says Myrsini Hanou, who manages Eolos, a 60-bed hotel in Kamariotissa, one of the five towns on the island.

The tourist season usually begins in late June and ends in late September, when the rains commence. During the summer, the island is connected with Alexandroupolis, 22.4 kilometers (14 miles) away, by both ferries and rapid boats known as "flying dolphins."

Another ferryboat line runs from Kavala, the port of Eastern Macedonia. "During winter we have only one ferry a day from Alexandroupolis, and that is canceled if the weather is rough," she says.

Dimitrios Matsas, director of antiquities and of the local archaeological museum, explains that in ancient times Samothrace became the center of a cult that practiced the "Kabeirian Mysteries,"

which honored pre-Olympian deities known as the "Great Gods." These gods were later identified with Demeter, Persephone, Hades and Hermes. The central figure of the cult was the "Great Mother," who had characteristics similar to those of Kybele, adds Mr. Matsas.

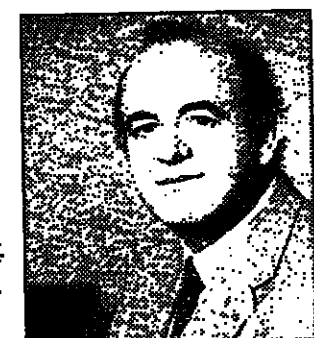
"As in the Eleusian Mysteries, the initiate cherished the hope of good fortune, protection from the dangers of sea voyages and perhaps the promise of a happy afterlife," says Mr. Matsas.

The cult's activities started in the seventh century B.C. but the buildings that surround the Sanctuary of the Great Gods were built in the fourth century B.C. and funded by the royal house of Macedonia.

The cult of the Great Gods and the initiation into their mysteries ceased in the late fourth century A.D. following an edict by Byzantine Emperor Theodosius the Great.

The ruins of the old sanctuary are in Paliapoli (the Old City) and include ancient walls, ruins of the temples and an early Christian basilica, which commemorates the landing of Saint Paul in Samothrace in 49 A.D. on his way from Asia Minor to the Macedonian city of Philippi.

"There is nothing more beautiful on a clear day than to climb Mount Saos and to view the coast of Asia Minor in the East and of Thrace in the North. No wonder Poseidon chose our island to watch from its peak the struggle between Greeks and Trojans," says Mr. Matsas.



Apostolos Photiades, former deputy minister of agriculture.

which forms the boundary between Greece and Turkey. It is a protected gathering place for most rare water birds, including herons, cranes and other exotic species. This and similar areas along the Nestos River, which divides Thrace from Macedonia and also attracts rare birds, will soon be declared national parks.

During the summer, tourists flock to the beaches near Alexandroupolis, and in the winter, hunters come to track wild boar, which still thrive

The natural beauty, rich cultural heritage and unique geographic location of Thrace make it one of Greece's most promising regions for economic development and tourism opportunities. Right: The Victory of Samothrace (Louvre, Paris).



"Destination Greece: Doorway to the East" was produced in its entirety by the Advertising Department of the International Herald Tribune. Writers: John Rigos in Athens. Program Director: Bill Mahler.

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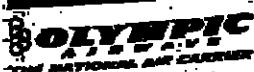


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EUROPE

Blair Flies to Belfast In Bid to Snap Logjam

The Associated Press

BELFAST — Prime Minister Tony Blair demanded faster progress Wednesday to shore up the Northern Ireland peace process, as he met political leaders in a fresh effort to break the logjam.

Mr. Blair flew in for talks with First Minister David Trimble, leader of the Unionist Party, the main Protestant party in Northern Ireland, and John Hume, head of the largest Catholic party.

All sides are understood to be near agreement on North-South institutions comprising ministers from Belfast and Dublin, according to Unionists and Irish government sources.

Progress on that front has been blocked by arguments over disarmament, with Mr. Trimble and his Unionists insisting that the IRA's political wing, Sinn Féin, cannot sit on a new power-sharing executive until the paramilitary organization has begun to disarm.

"We have achieved an enormous amount and we have got to go that extra bit," Mr. Blair said on arriving at Stormont outside Belfast. "It is very important that we get extra momentum behind the process, that we make sure that the process is implemented in full, and that most of all we listen to what I am quite sure, the overwhelming majority of the people in Northern Ireland want, which is that we make this process work."

"The sooner we get the cross-border bodies sorted out the better," Mr. Blair added. "And we can do it, we just need people to find a way through it. We have just got to go forward recognizing this is the will of the people."

Both Mr. Trimble and Deputy First Minister Seamus Mallon, of Mr. Hume's Social Democratic and Labour Party, said they hoped progress would be made soon on the cross-border bodies.

Mr. Trimble said there had been "a significant amount of progress," but some issues remained unresolved, including disarmament. "Society has invested too much in this to allow it to be destroyed by a handful of unrepresentative militarists in the republican movement."

Mr. Mallon earlier warned that the April 10 peace accord could collapse unless decisions on the key issues were made within 10 days.

Later, arriving at Stormont, Mr. Mallon said he was "very afraid of inertia" and called for institutions to be agreed by the end of this week or the start of next week. "If not, we will be in great danger of this process losing credibility," Mr. Mallon warned.

The biggest obstacle remains decommissioning terrorist weapons. Sinn Féin rejects Mr. Trimble's stance, arguing that under the province's peace deal



Tony Blair at Stormont House on Wednesday in front of Seamus Mallon, left, David Trimble and Mo Mowlam, the Northern Ireland secretary.

there is no obligation to disarm until April 2000. Prime Minister Bertie Ahern of Ireland said Tuesday that it would be "entirely unreasonable" if the controversy over disarmament blocked all other progress in implementing the Good Friday agreement.

There also remain differences over the number of government departments that would be set up in advance of February's transfer of legislative

powers from London to Belfast. Mr. Blair also met Wednesday with members of Northern Ireland's police force, the Royal Ulster Constabulary, which faces the prospect of reform.

On Thursday, he will make an historic appearance at the Irish Parliament when he becomes the first British prime minister to address deputies in both the lower and upper chambers since Ireland achieved independence in 1922.

Russian Spy-Case Verdict Has Both Sides Frustrated

By Daniel Williams

Washington Post Service

ST. PETERSBURG — In any court case tried anywhere, it would be strange for the defense and the prosecution to appeal the same verdict to a country's supreme tribunal. But this is Russia, and the case of Alexander Nikitin is special.

The retired naval officer has been charged with espionage, accused of disclosing information on nuclear accidents at sea and environmental radiation threats caused by Russia's northern naval fleet.

The trial last month created an international sensation because environmentalists contend that Mr. Nikitin's prosecution is meant to stifle independent investigations of ecological dangers, and because the contest pitted the rights of an individual against the Federal Security Service, the successor to the Soviet-era KGB.

Three weeks ago, a judge in St. Petersburg said that the charges were vague. Instead of acquitting Mr. Nikitin, however, the magistrate told the security service to start all over.

Mr. Nikitin's lawyers proclaimed victory, but they also appealed to Russia's constitutional court to throw the case out on the grounds that the prosecution had not proven the charges.

Most recently, an unhappy prosecution appealed, too, saying that the judge's conclusion was "premature" because he had not permitted all the expert witnesses to testify. Prosecutors contend that Mr. Nikitin revealed secret information on recent-generation nuclear submarines and on accidents involving missiles and reactors.

The appeals left the duel between free speech and the prerogatives of state secrecy hanging in the balance. Moreover, Mr. Nikitin remains in limbo. He has been under investigation for more than three years, of which 10 months were spent in jail and the rest of the time restricted to St. Petersburg. That restriction is still in place.

"For all that has happened, my personal position remains as it was before," he said in an interview at his office near an old St. Petersburg market. "It is hard to understand."

He spoke wearily. "I did ecology," he said. "I never wanted to be a political figure."

But that all seems out of his control now. As part of his defense strategy, Mr. Nikitin's chief lawyer, Yuri Schmidt, has decided to exploit the publicity generated by the case. He intends to sue in the international human rights court in Strasbourg, France, in hopes of influencing the Russian government. Mr.

Schmidt argues that since Russia aspires to join Western institutions like the European Council, it will have to face living up to West European democratic standards.

Mr. Schmidt took heart in the St. Petersburg court's decision. It was the first time in Russian or Soviet history that the intelligence agency had been rebuffed in court. The appeal to the constitutional court is meant to "nonetheless express our dissatisfaction that Nikitin was not acquitted," he said. "We have to stand on principle, and not just be satisfied with a half-verdict."

While his case drags on, Mr. Nikitin worries whether the political climate might change. Already, Yevgeni Adamov, the atomic energy minister under the new left-leaning government of Prime Minister Yevgeni Primakov, said he thought Mr. Nikitin had divulged "critical information."

"I think the design and structures of nuclear reactors on Russian submarines has nothing to do with environmental protection," Mr. Adamov said.

Mr. Nikitin, 46, wrote his report for the Bellona Foundation, a Norwegian environmental protection group. Norway is concerned that radiation from junked submarines in the harbor at Murmansk might wash up on its shores.

Yeltsin Doctor Sees No Complications

Agence France-Presse

MOSCOW — President Boris Yeltsin's heart surgeon said Wednesday that the president's latest bout with pneumonia was unlikely to cause problems for his five heart bypasses, Interfax reported.

Serious lung ailments can damage the heart, but Mr. Yeltsin's illness "does not affect the functioning of the heart bypasses," said the doctor, Renat Akhbarov.

After three reported heart attacks, Mr. Yeltsin in November 1996 underwent a quintuple bypass operation in Moscow. He has had no reported heart problems since, although he has been dogged by a string of respiratory infections and other ailments that have hampered his political activity and drawn calls for his resignation.

Mr. Yeltsin, 67, was hospitalized Sunday in Moscow after developing pneumonia, the second time that he has contracted the illness in two years.

A Kremlin spokesman Wednesday said Mr. Yeltsin was resting in "stable" condition. "His treatment is continuing," the spokesman said.

In France, Rumblings of Discord in Jospin Coalition

By Craig R. Whitney

New York Times Service

PARIS — The honeymoon is definitely over for Prime Minister Lionel Jospin of France, who made this plea on French news radio the other night: "No impatience — let us govern!"

Mr. Jospin, a Socialist, still has high popularity ratings a year and a half after he won power and shocked the conservative politician who called the election, President Jacques Chirac. A public-opinion poll published in the weekly Paris-Match shows that 61 percent of the French people still have "a good opinion" of both men.

But after the glory days of last summer, when Mr. Jospin seemed on top of the world, his leftist coalition of Socialists, Greens and Communists has begun fraying at the seams.

This month, Environment Minister Dominique Voynet, edged on by her fellow Green, Daniel Cohn-Bendit —

the German politician who as "Danny the Red" was one of the leaders of the French student movement in 1968 — criticized Mr. Jospin for not granting residence permits to tens of thousands of illegal immigrants who had applied for them.

"We legalized 80,000 men and women," Mr. Jospin said. "We did exactly what we said we were going to do." The 60,000 others who applied but failed to meet the criteria for legalization, he said, would be called upon to leave France "in normal conditions."

That meant not forcibly flying apprehended illegal immigrants back to the impoverished African countries most of them came from in chartered airplanes as the government of Mr. Jospin's conservative predecessor, Alain Juppe, did.

Mr. Juppe was deeply unpopular through most of his two years as prime minister, but not because of that. Illegal immigration is a contentious issue in a

country where the unemployment rate is 11.7 percent and jobs are scarce already.

Mr. Juppe's undoing was recession, but Mr. Jospin has been riding an economic boom. But some leftist supporters have begun grumbling that it has become difficult to tell the difference between Mr. Jospin and his predecessor.

The Jospin government also suffered a setback this autumn over a bill it had proposed to provide the legal equivalent of marriage for same-sex partners.

With Roman Catholic bishops criticizing the bill as a threat to families, conservative legislators mobilized so much opposition that some Socialist members left the floor during a crucial vote. The opposition carried the day Oct. 9 and rejected the bill, leaving Mr. Jospin to complain: "When you have convictions, you should be ready to defend them."

The government came back with an

amended bill, but conservatives delayed it with more than 1,000 proposed amendments. Mr. Jospin's forces now say they hope for passage next spring.

His Communist supporters in Parliament, meanwhile, are increasingly restive over the prospect of far more privatizations of state-owned industries, such as France Telecom SA and Air France, than they thought they had signed on for when the left came to power last year.

And even with a Communist minister of transport in charge of the state railway system, railroad workers plan to close down the system for the second time this week Friday to push for the hiring of more workers as it moves to a 35-hour week next year.

Mr. Jospin's government mandated a nationwide reduction from 39 to 35 hours a week as its main job-creation measure, but only 160,000 of the more than 3 million unemployed have found jobs since he took power.

Kosovars Free Kidnapped Policeman

By Mike O'Connor

New York Times Service



General Momcilo Perisic, who has been fired as Yugoslav Army chief.

LIVADICA, Yugoslavia — There has been a small advance in the effort to prop up the fragile cease-fire between Yugoslav authorities and ethnic Albanian rebels in Kosovo Province. After U.S. diplomats interceded, the rebels released Goran Zbiljic, a Serbian police officer whom they had kidnapped about a week earlier.

The release is important because experts estimate that the rebels have kidnapped more than 200 Serbs, with most believed to have been killed.

Beyond that, the release seemed to show that international monitors might help in limited ways to defuse what diplomats see as a surge in tensions between two forces that suspended serious fighting less than two months ago and that seem to be preparing for more war.

Every day, the foreign monitors who

patrol Kosovo say, small fires have to be stamped out to prevent renewed combat. Although on paper their mission is to keep their own governments informed about events in Kosovo, they have become de facto negotiators of local peace agreements and, on Tuesday, the prisoner release.

For now, their efforts and a furious snowstorm have helped keep fighting isolated and at a low level. "It looks good, but I think we are living in a false reality," a European diplomat said, "because neither side really believes they can get what they want without more combat."

The rebels want an independent country and are supported by most of the ethnic Albanians, who make up 90 percent of the Kosovo population. The government has, through U.S. mediators, offered limited autonomy.

After a summer in which the rebels greatly expanded their territory and a fall when the government struck back with an offensive that left thousands homeless, NATO threatened air strikes unless the government withdrew many of its forces. With fewer soldiers and police officers deployed, civilians began to return to many of the areas that they had fled in the offensive. Many found that government forces had destroyed their houses.

The scene at the released officer's home gave some hope that diplomacy might work. Snowdrifts covered the haystacks and the outbuildings. Around the kitchen table inside Mr. Zbiljic's neighbors and fellow officers gathered. Mr. Zbiljic was escorted home by U.S. monitors, who said they had convinced the rebels that it was wrong to keep him.

"This is the man who saved me," Mr. Zbiljic said, whipping out a business card that read, "William 'Nick' Slavik." "He visited me when I was a prisoner and he got me out."

Army Chief Is Dismissed

President Slobodan Milosevic has dismissed the chief of the army, General Momcilo Perisic, in what observers said Wednesday was a continuing purge of the military, Agence France-Presse reported from Belgrade.

General Perisic's dismissal seemed to be linked to the latest developments in Kosovo and accords reached in October between Mr. Milosevic and the international community, military sources said. Senior army officers are reported to be unhappy with Mr. Milosevic's having agreed to NATO surveillance of Kosovo.

General Perisic's dismissal follows the dismissal of the Yugoslav Air Force commander, General Ljubisa Velickovic, on Oct. 30. Three days earlier, the chief of Serbia's security service, Jovica Stanisic, was also dismissed.

General Perisic was succeeded by General Dragoljub Ojdanic, who was deputy chief of the general staff and commander of the army corps in the Belgrade region and northern Serbia.

Warsaw to Auction A Nuclear Shelter

WARSAW — Poland's government will auction off an underground nuclear shelter that formerly was a Warsaw Pact secret war headquarters for an opening-bid price of \$20,000, a spokesman said Wednesday.

The shelter in Guchow Gorny, 350 kilometers (200 miles) southwest of Warsaw, is being auctioned under a program to sell off obsolete property and equipment by the Military Property Agency.

An agency spokesman, Wieslaw Rozbicki, said that the former nuclear shelter could become a wine storehouse.

For the Record

The European Commission said it had officially endorsed the proposal to lift the ban on British beef exports following Monday's approval by a majority of European Union farm ministers.

Belarus Introduces Rationing of Food

MINSK, Belarus — Amid severe food shortages, the Belarus government is imposing rationing for milk, meat, matches and other goods.

President Alexander Lukashenko also told the government Wednesday to cap salaries at this former Soviet republic's few private companies.

Officials in the capital, Minsk, have limited shoppers to two cartons of milk, 2 kilograms (4.4 pounds) of meat or poultry, 400 grams (11 ounces) of cheese, 10 boxes of matches, and 300 grams of chocolate.

Belarus still has a rigid Soviet-style economy, as Mr. Lukashenko has blocked most reforms and kept enterprises under state control.

Copernicus Book Stolen in Poland

WARSAW — A rare, first edition of a book by the 16th-century astronomer Nicholas Copernicus has been stolen from a scientific library in Krakow, police said Wednesday.

The book, "De Revolutionibus," is a 1543 work in which Copernicus presented his revolutionary thesis that it was the Earth which revolved around the sun.

Madrid Bomb Alert Outside Job Agency

MADRID — Bomb disposal experts defused a small explosive device

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TribTech

Hong Kong Seeks a Place on High-Tech Map

By Philip Segal
International Herald Tribune

HONG KONG — More than a year into the region's financial crisis, Hong Kong seems to be getting the message: Without constant innovation in technology, it could lose its standing as a world financial center, turning into just another big city in China.

"We have a very strong entrepreneurial culture, but due to historical factors, this is not wedded to technology," said Raymond Ch'ien, a member of the government's Executive Council and chairman of the territory's Industry and Technology Development Council.

Blessed with one of the finest harbors in the world and a neighboring country with a billion low-cost workers, Hong Kong was in some senses in a good position when the financial crisis hit last year. Real estate prices always seemed to be rising, and anyone with capital could make far more money in the short term by flipping property than by plowing profits back into a start-up company for several years before making it big.

As a result, "Hong Kong is not on the Asian high-tech map," said Anson Wang, formerly in charge of Asia Pacific Asset Management at State Street Bank Corp. and now chief investment officer of Hongkong.com

Studios, a limited partnership between several private Hong Kong families and China's state-owned China Internet Corp.

Hongkong.com Studios was set up to provide what local banks and stock markets would not: as much as \$10 million in seed capital for currently unprofitable technology start-ups that hold the promise of a good idea, which one day could make a lot of money.

Yat Siu, who spent more than 10 years in Silicon Valley and returned to Hong Kong with rusty Cantonese in 1993, employs 15 people in one of the companies receiving funding from Hongkong.com Studios. His company, Onblaze, has set up 80,000 subscription mailboxes over the Internet, but Mr. Siu said that he has found since returning to Hong Kong that there is "very little creative development compared with the U.S."

Not only that, but "seed capital for Internet companies is extremely hard to come by and entrepreneurs are largely left to fend for themselves, with little enthusiasm and support from the small local venture capital community in Hong Kong," he said.

While in the United States losing money in start-ups is practically a badge of honor, a mentality of quick profits still pervades Hong Kong. The first question posed by a local journalist at the news conference announcing the funding program Monday was: How could this program expect to succeed given

that the companies receiving funding are currently unprofitable?

As part of an effort to make technology more appealing as a career, the government announced a five-year strategy for promoting information technology education. It promised to buy 65,000 computers for the territory's schools, provide 80,000 training places for teachers in technology-related subjects, and to provide Internet access for all schools.

Hong Kong has been able to remain Asia's premier center outside Japan in finance, but in recent months it has become clear Singapore is engaged in an all-out campaign to challenge Hong Kong's top position.

IN THE PAST two months, Singapore has announced a series of measures to open further their financial sector to foreign participation and has launched a contract based on Hong Kong stocks that directly challenges a similar one traded in Hong Kong.

Highlighting the importance of technology in finance, a report this week by the Massachusetts Institute of Technology said that more than 30 percent of Hong Kong's retail stock brokers could be out of business by 2010 without the capacity to provide on-line services to customers.

Still, the fight to remain a financial center

revolves around more than having the latest machinery. What a city does with its computers is equally important, and Hong Kong appears to be moving toward a more aggressive stance here too. On Tuesday, the chief executive of the stock exchange, Alex Tsui, said Hong Kong was considering a radical expansion of trading hours to allow investors in all time zones to have live access to the market during their own business days.

If Hong Kong's main Asian competitor in finance for the moment is Singapore, India poses one of the main threats in information technology. With its already thriving software industry centered in the southern city of Bangalore, India can boast some of the world's best-educated engineers, and unlike in Hong Kong, most can speak and write excellent English.

In Hong Kong, proficiency in English has been dropping steadily for years and may worsen further now that the government encourages the teaching of many subjects in English in favor of Cantonese. Knowledge of the Cantonese dialect as well as China's national language — Mandarin — are no doubt vital for anyone trying to write software for the Greater China region, but English remains the international language of business as well as the Internet.

ALT / Commentary

Iridium Satellite Phone: Impressive, but With Limits

By Mike Mills
Washington Post Service

WASHINGTON — I took my Iridium satellite phone out for a test drive the other day not in Australia's Outback or other remote locale but in the suburban jungle near Washington.

Heading the strenuous pleas of Iridium executives not to try the phone in the city, where tall buildings would obstruct the line-of-sight signals to the satellites, I went to a clearing, extended the cattle prod-like antenna and powered up the handset.

The appearance of a little house icon on the display screen told me I was in business: It meant my phone, with its own Iridium country code and international phone number, had successfully reached a satellite crossing overhead in a polar orbit.

The satellite then bounced the signal to Iridium's North American ground station "gateway" in Arizona, where a computer checked to see that the phone bill had been paid, and answered with a sig-

nal approving the satellite phone's use. Then I did what I'm sure many global business travelers will do once they get their hands on an Iridium phone in a remote place: I called my wife.

The call repeated the path from my hand to the satellite, then to Arizona, but then the call was sent along fiber optics lines back to her office in Washington.

"Hey, isn't this cool?" "It always makes me nervous when you call me while you're driving," she replied, nonplussed right on cue.

"I'm not driving. And I'm not on a cell phone. This is an Iridium phone. They just came on the market this month." After I explained the new constellation of 66 Iridium satellites, she conceded that it did seem pretty neat.

Then the call started breaking up. Her voice was dispersed into misplaced digital packets, as if some avant-garde composer had taken snippets of our conversation, scattered them around and played them back out of order. After a few seconds, my wife's voice rearranged itself.

"What happened?" she asked.

Edward Staiano, the chief executive officer of Iridium LLC, said later that it most likely was a land-based software bug that is still being worked out. As for a later call that was dropped completely, he attributed that to a hole in the network caused by the 66th satellite, which was launched Nov. 8 but is not yet operational.

Roughly 85 percent of Iridium calls are completed, he said, while 11 to 12 percent of completed calls are dropped. That is roughly in line with my experience: I made a dozen calls and got dropped once, though several calls were garbled. Mr. Staiano said his goal is to have 98 percent of calls completed with a 3 percent drop rate by year's end.

The voice quality of the conversations also was less than I expected. Voices sounded nasal and somewhat tinny. "That's probably about as good as it will get," Mr. Staiano said, comparing the results to voices heard on mid-quality cellular systems.

After watching the first Iridium satellite shoot into orbit more than a year ago, I have to admit to a geeky sort of

glee when I finally got to use the phone. This upside-down cellular phone network in space — where the antenna towers move above you — actually works. It's the world's first based on low-orbiting satellites.

Before Iridium, global "sat-phones" were the size of small briefcases. And because they used higher-up geostationary satellites, you could not escape that nagging half-second delay as the signal went up and back down to the other party.

Iridium's marketing approach has changed greatly since early 1997, when company officials seemed to be in denial that their target usage area was shrinking faster than the rain forest, as the world's land-based wireless phone networks quickly fanned out to places previously thought untouchable by cellular.

THEY reacted shrewdly, I believe, by taking full advantage of — and even pushing to advance — the concept of a global cell phone. Now, the Iridium concept is more than just its satellite phone and satellite pager. A new cassette backing plugged onto the phone converts it to a cellular phone that can work with any of the world's incompatible wireless standards (the antenna pops off).

Or, by using a credit-card-sized "SIM" card, your Iridium phone number and billing data can be plugged into most regular pocket phones in use around the world. That means calls to your number will ring on that phone.

Iridium also will give you a calling card with a toll-free global number so you don't have to fumble with foreign currency or eat huge hotel phone charges.

Unfortunately, all of this costs big money. The phone costs \$3,395 and you

Iridium portable satellite phone

Manufacturer: Motorola

Size: 7.6 inches by 2.4 inches (19.3 cm x 6.0 cm) and 2.7 inches deep

Weight: One pound (0.45 kg)

Standard battery life: Two hours of continuous talk time; 16 hours of standby time

Cost: \$3,400 per phone; \$69 per month service charge; \$2 to \$7 per minute



pay \$69 a month service charge and \$2 to \$7 per minute, depending on where you are calling. A page-only version costs \$695, plus \$39 monthly if you buy it with a phone, or \$199 a month separately. Four dealers in the United States sell Iridium phones and pagers (check www.iridium.com).

The phone has features that are comparable to typical digital phones: On a single battery charge, you get about two hours of talk time and 16 hours of standby time (five and a half hours of talk time and 48 hours of standby with the highest-capacity battery). It has memory for frequently dialed numbers and voice mail.

All told, my brief experience with the Iridium phone left me optimistic about its potential for grabbing a sizable part of the market for well-financed global travelers. But my time with the phone was hardly extensive enough to judge its full potential — or limitations. The only complete way to review an Iridium phone would be to take it around the

world, judging not only its reliability, but also practical things like whether you get stopped by some customs official who is not aware such phones are allowed (Mr. Staiano said that's still a big issue). Or whether the billing system works, and how much you get charged, when you cross from one country into another.

Iridium's main problem for now is getting enough phones built to satisfy demand. Mr. Staiano is backing away from an earlier projection to have 40,000 phones in use by year's end. Motorola Inc., which is making Iridium phones, is shipping 800 a day, but Iridium is still having problems working out software issues with phones made by its Japanese maker, Kyocera Corp. Company officials say someone who orders a Motorola phone now would get it by Christmas.

Mike Mills, a telecommunications reporter at The Washington Post, can be e-mailed at millsm@washpost.com.

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The Holiday Season Puts Electronic Shopping to a Rigorous Test

By Bob Tedeschi
New York Times Service

NEW YORK — Perhaps the only thing that could match the hype surrounding the holiday shopping season is the hype surrounding the Internet. Starting this week, consumers get both. At the same time. For a month.

Internet retailers have gathered enough momentum to officially join the mainstream holiday dialogue. Not only do they have the marketing dollars to get into consumers' living rooms during prime time, they've also wrangled their way into just about every other traditional advertising milieu.

The message is clear, more economical and just as safe to shop on the Internet as at the local mall. The reality, in some cases, that's true, but there are still many hurdles remaining before on-line shopping puts mall developers out of business.

The Internet shopping buzz started months ago, of course, with most analysts predicting a banner holiday season for on-line retailers. The New York-based market research company Jupiter Communications forecasts \$2.8 billion in on-line buying during the holiday season (including travel purchases), compared to \$1.1 billion during the same period last year.

Still, these numbers pale in comparison to the \$173 billion that Deloitte & Touche predicts Americans will spend overall this holiday season. That is because most people are not on-line. In addition, many Internet users are either wary of electronic transactions or frustrated by the poor performance of many electronic-commerce sites.

Therein lies the opportunity for Internet retailers. And this year, they are pulling out all the stops to persuade consumers

to try shopping on-line.

"The hardest part is getting people to make that first purchase," said Wendy Brown, vice president for electronic commerce at America Online Inc. "So everything we're doing right now is geared toward making that first purchase easy."

AOL offers its members one-stop shopping through the service's shopping channel, which hosts more than 100 merchants in an environment designed for hand-holding.

Analysts say electronic retailers need to go the extra mile to compete with traditional stores. "On-line merchants are increasingly offering features that bring value to customers — things that catalogues and brick-and-mortar retailers don't have the ability to do," said Ken Cassar, digital commerce analyst for Jupiter Communications.

For one, Mr. Cassar said, they're getting better at helping consumers find what they want, "which is particularly important now, because holiday shoppers typically don't know what they're looking for when they log on."

Accordingly, both the major portal sites and dedicated gift sites such as 911Gifts.com now offer gift-matching services, whereby users can select characteristics of the recipient, specify a dollar range, then receive via e-mail a list of suggested items.

Some sites take that service one step further, with one-on-one interactions with salespeople. Clinique allows customers

to e-mail cosmetics specialists with their questions, while eGift.com, a gift site that opened this month, will have a team of customer service representatives who will

engage in live chats with customers who need help finding gifts.

Shopping sites have also added some logic to how they present their merchandise. Rather than endless lists of sites and stores, they aggregate items into specific categories: Gifts for Him, Gifts for Her, Gifts under \$25, Quick Gifts.

"That's a fundamental change for us," said Jeffrey Mallett, chief operating officer for Yahoo! Inc.

The more technically advanced sites have also added the ability to handle one-stop checkouts, for consumers who buy several items but want to pay with one credit card, through one transaction, and ship to multiple addresses. "Out of all the new features, that one's the slam dunk for us," said Michael McCadden, executive vice president for marketing at Gap Inc.

Another common strategy to lure holiday shoppers on-line is, of course, discount pricing. Some sites are offering deals to consumers who shop early this season, but as with off-line retailing, it's likely that these "for a limited time only" offers will be renewed, or replaced by other specials.

Not surprisingly, on-line retailers have also increased their off-line advertising efforts to encourage consumers to shop on-line. Traditional retailers, such as Gap or Lands' End Inc., now routinely include the address of their Web site in broadcast and print campaigns.

Meanwhile, those Internet companies with deep pockets — or deep-pocketed partners — are embracing off-line promotions of their own. FragranceCounter, a Web-based perfume retailer, is about to start a \$1 million national radio advertising campaign, while eToys, an on-line toy site, got a boost for its own holiday effort by "being chosen as the poster child for the Visa campaign," said Phillip Polishook,

vice president for marketing at eToys.

Despite all the hoopla, some industry observers are offering a "be careful what you wish for" caution if sales prove as strong as analysts predict.

Because most electronic-commerce sites lack the technology to track their inventory on a real-time basis, some shoppers could unwittingly pay for goods that are, in fact, out of stock.

"People who have raised a lot of money to become on-line dominators may see that they've overstepped," said Arno Harris, vice president of marketing for 911Gifts.com. "They can overcommit to customers without having inventory, they can over-order inventory and end up sitting on a half-million dollars in wreaths," he said, adding, "Those folks will blow relationships with customers by doing a bad job with their needs."

How real a possibility is it that on-line customers can get burned? "It's a very real possibility," said Maria LaTour Kadison, senior on-line retail analyst with Forrester Research, a market research firm in Cambridge, Massachusetts. "There are going to be a lot of surprises with gifts that don't show up until Dec. 28."

That's a situation other retailers will be watching closely, said Donna Luciano, chair of the statistics committee of Shop.org, an on-line retailer trade group.

"If a shopper goes to one site and has a bad experience, it might turn them off to the idea of on-line shopping in general," she said.

Even if some sites fail to deliver, the damage to the on-line retail industry probably will not be permanent. But if the holiday shopping season fails to live up to its billing in what is expected to be a breakthrough year, watch for the finger-pointing.

SITES

Some Internet locations for gift-shopping are at:
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www.911Gifts.com
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Teenagers Chart an On-Line Country

Global Project Draws on MIT Computer Power and Magnate's Millions

By Carey Goldberg
New York Times Service

CAMBRIDGE, Massachusetts — Never has the good old Model United Nations, popular for so long among the earnest high school set, seemed so palatial, so retro, so (to be read with teenage disdain) 20th-century.

Last week, 100 youngsters from 10 to 16 years old from around the world attended a global forum at the Media Laboratory at the Massachusetts Institute of Technology. The forum, called the Junior Summit, is to the giant old mock UN what a personal computer is to an abacus.

Connected on-line for months before they arrived for the forum, equipped with pagers with e-mail functions and Power Point presentation skills, the participants did not jabber about treaties

and points of order. They simply plotted to change the world, using technology.

They planned to create an on-line country, to be known as Nation1, where anyone under 19 could automatically become a citizen. Adults would need a visa or special permission to enter.

They hashed out the idea for Kidz Bank, an on-line bank for children's savings that could lend money for worthwhile projects, and how to develop a digital currency. And they founded an on-line global newspaper for children.

"They did not shoot low," said Steven James Sutton, a 15-year-old from New Zealand, announced in ringing Churchillian tones Friday as he released for a presentation before a gathering of diplomats, World Bank of-

ficials, corporate sponsors and assorted dignitaries. "We will have a network of school groups all across the world," he declared. "We will have international events. We will have everyone planting trees on Earth Day."

Adults tempted to shake their heads in amusement and joke about the days when 30 years of age was the cutoff point for people who could be trusted, instead of 19, might do well to note: These children are backed by almost unlimited computer power from MIT, as well as millions of dollars from a Japanese magnate.

Isao Okawa, chairman of both CSK Corp., which makes business software, and Sega Enterprises Ltd., the game-maker, has agreed to contribute \$27 million to build a "Center for Future Children" next door to the current Media Lab building.

The donation, MIT said, is one of the largest the university has received and is believed to be the biggest ever made by a Japanese individual to a foreign institution.

IT MEANS a major expansion for the Media Lab, already known for its success in winning corporate sponsors.

The lab's projects tend to focus on the intersection between technology and people, and they range from wearable computers to electronic books.

In 1995, Mr. Okawa was attending a meeting of the Group of Seven industrialized countries when it struck him that, although children have the biggest stake in the future, they have almost no say in determining it, said Mitchell Resnick, the Media Lab professor who is overseeing development of the center's programs.

The center will try "to rethink how children live, learn and play," Mr. Resnick said.

He added: "We want to rethink technology to make it worthy of children of the future. The kids you see here today could do so much more technologically if we gave them the right tools."

And with those tools, the thinking



Claudia Urrea of the Media Lab at the Massachusetts Institute of Technology helping Amir Noar, 15, with a project at the Junior Summit.

goes, childhood itself would change, as children became ever more able to take on new roles — for example, becoming founders of banks and newspapers — and nations.

"I don't know whether it's a pipe dream or not, but I think we're going to do this," said John Perry Barlow, co-founder of the Electronic Frontier Foundation, which advocates freedom on the Internet, and adviser to the group of youths working on the Nation1 project. "I've never started a nation before, especially in three days."

But the children have begun to show, he said, "how they can start assembling,

marshaling and deploying resources in a way that I think will scare the hell out of adults."

Actually, most of the youngsters' plans would gladden adults' hearts: reducing child labor, improving the environment, helping disabled children and simplifying computing. Now, will adults listen?

"There will be those who say, 'That's cute, nice to hear your voice, and go back to what they're doing,'" said Terah DeJong, 15, of India. But some at the global forum formed fast friendships, he said, "and we expect to continue on for years."

BRIEFLY

HIGH-TECH HAUSFRAUEN: Two big German food retailers are getting on the Internet to sell groceries.

Spar Handels AG, Germany's fifth-largest food retailer by sales, said it bought 50 percent of the distribution company Einkauf 24 GmbH so it could sell groceries over the Internet and by fax and phone, while Kaufhof Warenhaus AG, which operates Metro AG's department stores in Germany, plans Internet sales with a delivery service for 18 of its stores.

Spar's new service is so far restricted to the Hamburg area where Spar's headquarters are located, and Kaufhof's is available only at its Cologne store as a pilot project.

Responses from customers "have so far more than fulfilled our expectations," said Georg Thaler, head of innovation management at Kaufhof. "Solving the logistical problems was the biggest challenge for us."

(Bloomberg)

WHEN THE CHIPS ARE DOWN: The Scottish government and the University of Edinburgh plan to build a \$10.5 million research center to foster the development of the semiconductor industry in Scotland.

The project will provide start-up companies with tools and research and design facilities, the partners said, and the center will be fully operational by the spring of 2000.

The Scottish government and the University of Edinburgh are investing in the center in expectation of a rebound in the semiconductor industry, which has seen prices collapse this year because of overcapacity and a flood of cheap chip imports from Asia.

Scotland's \$2.5 billion semiconductor industry has also felt the impact of the collapse. Seagate Technology Inc., the world's largest maker of computer disk drives, said last month it would close its chip plant in Scotland, and National Semiconductor Corp. plans to close part of its Scottish plant.

(Bloomberg)

BT BUYS INTO EXCITE: British Telecommunications PLC is spending \$10 million to buy a 50 percent stake in Excite UK, a unit of U.S. Internet search engine Excite Inc.

(Reuters)

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Too Many Nukes

The Cold War record demonstrates the worth of hand-in-hand arms control, with Moscow and Washington proceeding by negotiation, reducing nuclear risks and costs in tandem, and verifying the results in mutual confidence. The post-Cold War record, however, is producing disenchantment. Both sides find themselves armed with more weapons than they believe their security warrants, more nuclear capability than they can comfortably pay for, and, in Russia's case, more than it can confidently keep operative and safe. Traditional arms control is losing its relevance to both countries' national needs.

In Russia the scene is alarming. The Nunn-Lugar program to dismantle old Soviet weapons is working, although it is painfully underfunded. But the remaining heavy multiple-warhead, land-based missiles are rusting out. Not only are maintenance funds short. Funds are lacking to build the more stable single-warhead missiles meant to replace the heavies once Moscow joins Washington in ratifying START-2. The Duma has held back from ratification of this agreement, which would take warheads down by half from the current 6,000 level. Only now is the Duma moving toward early ratification on the basis that START-2 offers Moscow its best chance to reduce American forces to a level that Russia can afford to match.

In the United States, Republican-legislated restrictions on unilateral arms reductions compel the Pentagon to buy a mix of nuclear weapons that it finds ill suited to changing strategic conditions and that prevent it from buying the overall mix of weapons it wants.

There are other ways in which U.S. forces need to be reviewed. For one, the Pentagon has been slow to adjust to post-Soviet strategic conditions by taking nuclear weapons off a Cold War hair trigger. For another, strategists remain cool to taking a fresh look at their longtime refusal to pledge not to use nuclear weapons first. The U.S. attitude made sense when the Soviets prepared a huge tank attack on Western Europe. But now the stress on the continuing utility of nuclear weapons may just weaken Washington's effort to keep other countries from going nuclear.

Now economic pressures are forcing the pace of decision-making. NATO's meeting next spring to prepare a "new strategic concept" will draw these issues into the public dialogue. The United States has to be sensitive to Russian requirements of defense and pride, but it cannot mortgage its policy to the turpitude and nationalist bent of Kremlin politics. The United States also must listen closely to its European allies — not to be bound by them, but to see how European and American concerns can be joined.

—THE WASHINGTON POST

Reversal in Slovakia

Recent parliamentary elections in Slovakia have freed the country from the heavy boot of Vladimir Meciar, its dominant figure since the end of communism. He engineered the breakup of Czechoslovakia, turned Slovakia's institutions into his political machine and allowed his friends to loot the treasury. The coalition of parties that defeated him has made a promising start, but it will need sustained unity and help from the West to solve the many problems that Mr. Meciar left behind.

Although Mr. Meciar is skilled at blaming others — Gypsies, the Hungarian minority, the Czech Republic — for his failures, voters got wise. A get-out-the-vote drive by the opposition resulted in 85 percent turnout and a defeat for Mr. Meciar's nationalist party.

The new government is a coalition of rightist parties, former Communists and Hungarians, but it quickly agreed on a program that emphasizes economic reform. The center-right prime minister, Mikulas Dzurinda, and his partners also agree that Slovakia must look toward Europe, rather than Russia and Ukraine as Mr. Meciar had.

Slovakia's health and education systems are bankrupt and its banks are teetering. The treasury is empty, in part

because many of the state's factories were sold at fire-sale prices to Mr. Meciar's party colleagues, which also kept foreign investment out.

The harm he did to Slovakia's political culture was just as great. He routinely ignored constitutional court decisions and made the state intelligence agents into his political thugs. The new government has restored a respected former director to the intelligence service and plans to establish some oversight. On Tuesday, Mr. Dzurinda met with his Czech counterpart and pledged closer ties, reversing Mr. Meciar's policy of hostility. The government is also promising to end harassment of the media, unions and nongovernmental groups. It has already created the post of deputy prime minister for minorities and human rights and appointed an ethnic Hungarian, a positive sign.

The idea of compromise suffocated in Slovakia under communism and then under Mr. Meciar. The new government could easily unravel in partisan bickering. It will take pressure from European institutions and the Slovaks themselves to keep the coalition focused on Slovakia's daunting problems.

—THE NEW YORK TIMES

Liberating Private Sex

When Michael Hardwick looked up from the privacy of his apartment in Atlanta one day 16 years ago, he was stunned to see a policeman standing in the door. "What are you doing in my bedroom?" he asked. It is a question that took on a special bitterness for gay men and lesbians after the U.S. Supreme Court in 1986 upheld the Georgia law against sodomy under which Mr. Hardwick was arrested that day. The law was 170 years old. It prohibited oral and anal sex by anyone, homosexual or heterosexual, and like all such laws in the United States it was modeled on old English law, which was shaped by religious teachings.

In his argument to the Supreme Court, Georgia Attorney General Michael Bowers attacked homosexual sodomy as "anathema to the basic units of our society — marriage and the family." Five justices bought the argument, upholding the law in a decision that removed any claim homosexuals had to privacy or to protection from government intrusion in their bedrooms. To decide otherwise, Chief Justice Warren Burger said, would "cast aside millennia of moral teaching."

But the critical constitutional question, Mr. Hardwick's lawyer later wrote, "was not what Michael Hardwick was doing in his bedroom, but rather what the state of Georgia was doing there." On Monday, ruling in another case, the Georgia Supreme Court agreed, and struck down the law. This case arose from heterosexual acts between a man and woman, but the court made clear that Georgia's con-

stitution guarantees rights of privacy that make no distinction between homosexuals and heterosexuals. "We cannot think of any other activity that reasonable persons would rank as more private and more deserving of protection from governmental interference than consensual, private, adult sexual activity," it said.

The Georgia decision follows one by a city circuit judge in Baltimore last month who held that Maryland law could not discriminate by making sodomy illegal for homosexuals and not for heterosexuals. In Rhode Island, the legislature voted to repeal its anti-sodomy law earlier this year. One way or the other, in almost two-thirds of the states outdated legal restrictions on private sex have fallen away. The remaining holdouts should drop the last traces of this assault on privacy.

—THE NEW YORK TIMES

Other Comment

Clinton vs. the Sex Haters

Did Bill Clinton ever reckon with the fact that someday he'd get caught flat out? I'll bet he prepared himself. He doesn't look shamed or awkward at all. He knows his generation, after all — and who among them hasn't had a sexual secret? Plus, he has this bedrock of women supporting him. And he has the right opponents — the religious right, the sex haters.

—Michael Wolff, writing in New York magazine.

Visits Back and Forth in a Lively Northeast Asia

By Philip Bowring

HONG KONG — Northeast Asia has been witnessing a feverish round of summits. What conclusions can be drawn about the geopolitics of the region from this activity: Bill Clinton in Japan, finally, and South Korea, Jiang Zemin in Moscow and now in Tokyo, Keizo Obuchi in Moscow, and Kim Dae Jung in Tokyo last month and recently in Beijing?

The most obvious conclusion is that it underlines the supremacy of the United States and China in regional affairs, the weakness of Japan, and the marginalization of a tottering Russia.

Japan appears about to apologize officially to China for the sufferings it inflicted 60-odd years ago, ready to offer more aid for developing China's impoverished inland provinces, and about to be berated for stubbornness over Taiwan. What will it get in return? China has sought to offer.

President Clinton has offered up kind words and his usual crowd-winning visit to an ally was a very low-key affair compared with his China trip a few months back. The Clinton message to Japan was the same in substance as China's hectoring: Your economy is Asia's main problem, so fix it.

President Kim on the other hand could bask in U.S. praise for economic reforms. He himself had, only a few days previously, rolled out the standard congratulatory phrases to Beijing for its supposed role in helping its neighbors through commitment to maintaining its dollar exchange rate. He could also share real historical grievances against Japan with his hosts. And the North Korean ogre popped up at a convenient moment to be a reminder to the United States and China, not Japan, to keep him in his box.

President Jiang has been able to relax in Moscow, practice his Russian, remember with a sense of Chinese pride his old times in Moscow when Russia was leader, not led, and Stalin treated Mao like a servant. Postimperial, post-Communist Russia will now sell almost any arms China thinks worth buying, its Pacific fleet is scant threat to anyone, and Kazakhstan plays Russia off China for its own purposes. The claimed Moscow-Beijing "strategic partnership" is mere rhetoric, but minor border issues have been settled and the big ones can wait, perhaps until Chinese migration has created new facts.

By Philip Bowring

Mr. Jiang can even relax about prospects of Russian-Japanese rapprochement. Yes, there has been some improvement in relations, but there is unlikely to be an end soon to the Kuril Islands dispute. On the global stage, Japan's hopes of becoming a permanent Security Council member are stymied, not least by China's opposition.

So the Jiang and Clinton visits seem to underscore Japanese and Russian weakness while increasing South Korea's room for maneuver. But perhaps it is not so simple. First, President Kim's visit to Japan was historically more significant than any of the other recent summits. That trip and Japan's apology were a huge step, predictably condemned by Pyongyang, in healing old wounds. They removed some major obstacles to Korean-Japanese trade and investment. The two are trading as well as historic rivals, but they share international commercial interests. That sets them apart from China, which at one level is a continental

power but at another depends heavily on foreigners to upgrade its economy.

Seoul may feel close cultural links to China, and know that it needs Beijing's help over Pyongyang. But it has no more interest than anyone else in the region seeing China assert sovereignty over neighboring seas. So Korean ties with Russia, developed during the Gorbachev era, are not being allowed to decay, despite Russian mayhem. Last month their warships held joint exercises.

Japan's apologies release it from historical baggage. So whatever form of regretful words is finally agreed on during Mr. Jiang's Tokyo visit must be a plus for Japan. The more "normal" it can become, the more likely it is that it will approach regional politics from an active standpoint. What specifically that will mean in terms of armaments and strategic alliances will emerge in due course.

There are the beginnings of a different attitude in Japan toward Russia, which should in time make it possible finally to agree on a peace treaty without solving all the island issues.

Meanwhile, Japan's negative view

of China is not simply the result of Beijing's posturing about current economic roles, or of its baying on history. Japan has funneled billions of dollars of public and private money into China and seen negligible financial or political return. Japanese are beginning to figure that China needs Japan's capital and technology more than Japan needs a China market.

Nor does Tokyo take kindly to the U.S. assumption that it should follow Mr. Clinton and sign on to Beijing's three no's aimed at Taiwan. The pressure has awakened Japanese sympathies for a well-governed former colony, and awareness of its strategic importance.

Assumptions that Japan's economic difficulties and revolving-door politics are endemic are likely to prove as unfounded as former beliefs in its commercial inviolability. Previous inflated views of Japan are now mirrored by belief in the superiority of a deeply indebted America, or impressions of Chinese health that owe much to bogus growth statistics. Mr. Jiang should enjoy his stature while he can.

International Herald Tribune

Yes, Keep Insisting on Democracy for Asians, the Chinese Included

By Bette Bao Lord

NEW YORK — U.S. Vice President Al Gore was widely chastised last week for criticizing the Malaysian government at an economic meeting in Kuala Lumpur. Yet no one has challenged the accuracy of his assertion that freedom and democracy are the "best guarantee of prosperity in the future."

Nor have critics taken issue with his contention that "democracy confers a stamp of legitimacy that reforms must have in order to be effective."

For proof of the vital connection between democracy and economic progress, consider the fates of countries that were formerly under Communist rule. The most democratic of them, such as Poland and Hungary, are the wealthiest, while the most repressive, such as Turkmenistan and Uzbekistan, are the poorest.

Vice President Gore was right to be undiplomatic. Some leaders present in Kuala Lumpur deserved the reminder because they had pontificated about "Asian values," a doctrine which makes allowances for certain societies because they are said to thrive under autocratic rule.

Mr. Gore hardly broke with preced-

ent in violating the etiquette of diplomatic courtesy. President Ronald Reagan frequently attacked the Soviet Union. On a visit to Moscow in 1987, he lectured students on the superiority of America's free institutions and was the host of a reception for dissidents. Those actions incited Soviet officials, but did not impede progress toward improving ties between the two superpowers.

President Reagan's departure from traditional diplomacy took place within the context of a consistent policy, which was to seek freedom for those living under communism, and the ultimate abandonment of the Communist system itself.

Similarly, the importance of Mr. Gore's remarks will be determined by whether the Clinton administration integrates democracy-building incentives into its foreign policy and whether the Republican opposition supports the measures.

The United States has made free market reforms a condition for aid to foreign countries. Now it must send a

similar message about the positive role of democracy. But that message must be consistent. It must apply to China, for one, as well as to Malaysia.

The message need not be curt or confrontational. It should stress the self-interest of foreign countries as well as American principles.

Some say that Mr. Gore might cause a backlash against the democratic movement in Malaysia, thus undermining reform. History shows otherwise. Two prominent former dissidents, Wei Jingsheng and Yelena Bonner, have told me they were disheartened when visiting American statesmen helped local autocrats to save face — precisely what Mr. Gore chose not to do.

The United States has many instruments through which to express support for freedom's advocates — radio broadcasts and various forms of public diplomacy. But occasional candor by American leaders can be effective, too.

The writer is chairman of Freedom House and author most recently of "Legacies: A Chinese Memoir." She contributed this column to The New York Times.

If Pinochet Now Ends Up in the Dock, So May America

By William Pfaff

PARIS — Now that the Law Lords in London have ruled that Augusto Pinochet does not benefit from immunity, the way has been opened for him to be handed over to Spanish courts for judgment on charges of crimes against humanity. The United States is going to find itself in the dock alongside the Chilean ex-dictator.

American reports have dealt chiefly with the Pinochet government's murder in Washington in 1976 of a former official of the Allende government, which General Pinochet overthrew in 1973. Orlando Letelier and a young American woman, Ronni Moffitt, were blown up by a car bomb planted by Chilean agents.

The head of the Chilean secret service has always denied that his agency was implicated in the crime.

But the FBI agents in charge of the investigation testified that "it is inconceivable that the murder of Letelier could have been decided without the express authorization of the

commander in chief," General Pinochet.

Another Chilean officer involved in the affair has said the dictator intervened to conceal the role of his secret police, and to block the American government's investigation.

This was a case of a phenomenon familiar in power politics and covert action, the ungrateful or treacherous protégé. General Pinochet was not installed in power as a direct result of American intervention in Chile, but his military coup was made possible by CIA operations three years earlier, which cleared the way for him.

In power, he was lauded by Washington for his restoration of order and remake of the Chilean economy on terms proposed by the "Chicago Boys," orthodox monetarists of the University of Chicago school. He was certainly not expected to pursue his vendettas in Washington, murdering an American while doing so.

However, the beneficiaries of American patronage, once they are propelled into high office, have often chafed at the restraints that such a relationship is expected to impose.

Washington's special attention to Chile began in the 1960s, under John Kennedy, when Chile became a showcase for U.S.-aided democracy, meant to contrast with what happened in Soviet-assisted Cuba.

A large amount of money was devoted to this, much secretly. The U.S.-aided Christian Democrats defeated the Socialist Party of Salvador Allende in both 1958 and 1964, providing liberal and land-reforming government.

In 1969, however, Mr. Allende was back as a presidential candidate, promising more drastic reform.

As his campaign seemed to be succeeding, the alarm felt in Washington was felicitously expressed by Henry Kissinger: "I don't see why we need to stand

by and watch a country go Communist due to the irresponsibility of its own people."

Richard Nixon gave orders to "save" Chile, orders which CIA chief Richard Helms — whose agency was decidedly unenthusiastic about the job it was being asked to do — jotted down as: "Not concerned risks involved — \$10,000,000 available, more if necessary — make economy scream."

The effort proved in vain. Mr. Allende was elected in 1970, and confirmed by the Chilean Congress.

The CIA had meanwhile sounded out the possibilities of a military coup, but the Chilean army seemed unresponsive. Its commander, General René Schneider, was a democrat and firm defender of constitutional order.

He had to be got out of the way. The CIA incited an attempt by right-wing officers to kidnap him, promising a substantial reward if they succeeded. General Schneider resisted, and was killed, although that was not the CIA's intention.

William Bundy has this to say in his new history of U.S. foreign policy under Richard Nixon and Henry Kissinger, "A Tangled Web":

"In legal terms, a U.S. judicial proceeding would surely have concluded that U.S. agents (acting on presidential authority) had been at least accessories before the fact and co-conspirators in the kidnapping, and thus in the killing that resulted from it."

General Schneider's death removed a crucial obstacle to General Pinochet's successful coup three years later, to which there

is no evidence that the United States was party. The American government had, however, in the meantime done its best to undermine the Allende government, imposing economic sanctions and spending more than \$85 million on a program to disrupt the Chilean economy.

General Pinochet, in power, ordered measures of political repression and organization of regional repression, including the torture and murder of foreign nationals. It is this for which Spain, Switzerland, France and other European countries wish to bring him to trial today, applying a new doctrine which holds that universal jurisdiction exists where crimes against humanity are concerned.

If General Pinochet is guilty of such crimes, what is the guilt of the United States?

The hostility of the Clinton administration in Rome last summer to the decision by 139 nations to establish a permanent war crimes tribunal was doubtless chiefly the instinctive hostility of the Pentagon to any possibility of foreign sanctions. The combination of that episode with the charges now brought against General Pinochet leaves the United States in a position hard to defend.

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Needed: Investment After Mitch

By Miguel Angel Rodriguez

The writer is president of Costa Rica.

SAN JOSE, Costa Rica — In the aftermath of Hurricane Mitch, we will need the help of our friends in the United States to restore our capacity for economic growth. We will have to attract private capital to enable us to create new means of production and opportunities for employment.

We in Costa Rica have been able to attract investment from the United States in cost-effective production facilities that assist U.S. companies to compete in the global market. The Costa Rican model can be a guide for rebuilding the economies of our neighbors.

The competition for private investment capital is global and intense, especially now in the wake of losses suffered by U.S. investors in some of the emerging markets. We in Central America also suffer from not being a part of the North American Free Trade Agreement, which has superseded our existing trade relationship with the United States under the Caribbean Basin Initiative.

The initiative, established by President Ronald Reagan with strong bipartisan support, has been responsible for a decade of unparalleled growth in trade between the United States and the Caribbean basin, acting as a catalyst for exports, investments and employment creation in the United States as well as in nations of the region.

The Caribbean basin has become one of the best markets in the world for U.S. products. Each of the nations imports an average of 75 percent of its goods and services from the United States.

Today the United States exports more to Central America than to the former Soviet bloc nations combined. Basin nations now represent the 10th largest export market from the United States, surpassing countries such as France.

The Caribbean basin is also the area of the world in which U.S. exports have grown most rapidly in recent years. The increase in purchases by Caribbean basin nations from the initiation of the initiative in 1983 to 1990 helped to create nearly 200,000 trade-related jobs in the United States. The initiative proved that trade, not aid, is the key to economic development and political stability in the region.

President Bill Clinton has recognized that the strength of our economies and democratic governance is the best defense of the United States against trafficking in illegal

narcotics and a flood of illegal immigration. Also, improving economic opportunity will alleviate the need for impoverished rural residents to ravage the environment in pursuit of basic food needs.

Recognizing that the Caribbean Basin Initiative had been undermined by NAFTA, President Clinton promised restoration of parity of access to the U.S. market for Caribbean basin nations at a Miami summit in 1995 and at a Central American regional summit in 1997. But the legislation has been caught up in the fight with Congress over the granting of "fast track" authority to the president to expand NAFTA.

We now ask the president to advance the enactment of legislation to provide Caribbean parity as a necessary part of a program of recovery of our region, so that we may have a level playing field on which to compete for outside capital.

We would even want President Clinton and our friends in Congress to go further and contemplate entering into a free trade agreement among the United States, Central America, the Dominican Republic and other affected nations of the Caribbean so that we may become full partners with the United States in building the economic future of the region.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: More Sleep!

PARIS — [The Herald says in an Editorial:] The leaders of society in the "Quaker City" have come to the conclusion that they require more sleep and a movement is on foot to inaugurate earlier hours for stopping dances. The idea is to commence balls and dances there at nine o'clock instead of eleven, so that the girls will retain their fresh complexions. No, Philadelphia! the only way to get more sleep is to not go to dances at all. Philadelphia! should have the courage of their convictions and, as soon as the day's work is over, go home to bed.

1923: Women Voters?

ROME — "For Heaven's sake!" exclaimed Signor Mussolini when the Woman Suffrage Committee proposed including his wife among their number, "she is my wife, the

mother of my children; that is enough." The Bill granting the vote to "certain categories" of women finds little enthusiasm among representative women here. Donna Bice far-famed as a woman of culture and accomplishment travestied Mrs. Chairman Catti, saying: "The vote for women? I would say rather: 'No vote.' So do many men."

1948: Young Spinsters

PARIS — Yesterday [Nov. 25] was a holiday for the unmarried girls, who paid homage with the accompaniment of festivities to their patron saint, Catherine of Alexandria. Guests of honor at the Cathédre, girls who have reached the age of twenty-five without finding a husband. The Cathédre's public parades are less boisterous than they used to be before a policy ruling put a stop to their practice of "kissing" unmarried males they met in the streets.

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OPINION/LETTERS

Human Rights' Ongoing Journey
From Hopeful Rhetoric to Reality

By David A. Martin

WASHINGTON — The Universal Declaration of Human Rights will be 50 years old next month. Its 30 articles set forth an impressive and diverse catalogue of rights, ranging from equality before the law through freedom from torture and the right to a fair trial to economic rights. Events around the world will celebrate its adoption by the United Nations General Assembly on Dec. 10, 1948.

But the declaration was not the first document to specify rights, nor is it the most elegant. More importantly, a UN declaration is neither a treaty nor a law. It lacks binding force to compel compliance and no courts to try cases.

As a result, the declaration has provided the occasion for some of the most hypocritical ever heard in the halls of the United Nations. Many diplomats who supported its adoption or later praised its provisions spoke for governments guilty of terrible abuses.

At the time of its adoption, many staunch supporters of human rights asked the same question. Some even saw the declaration as a setback, a retreat from the high hopes for human rights protection that had been kindled after World War II.

Remember the historical context. President Franklin D. Roosevelt had stirred those hopes in 1941 when he declared America's aims in supporting the victims of Hitler's aggression. Roosevelt spoke of the Four Freedoms: freedom of speech, freedom of worship, freedom from want, freedom from fear. Victory in Europe revealed the full scope of Nazi atrocities and deepened the commitment many felt to glob-

al efforts for the protection of human rights.

Some smaller nations even talked of incorporating a comprehensive bill of rights into the proposed UN charter.

The charter adopted in April 1945, however, contained only general references to "human rights" and "fundamental freedoms." Anticipating criticism, some leaders promised that the first business of the new UN Commission on Human Rights would be to draft, as President Harry Truman put it, "an international bill of rights, acceptable to all the nations involved."

Human rights advocates heard that promise as a pledge to develop a new treaty with binding legal obligations.

When the commission's first labors produced only a declaration, concern mounted. True, it was accepted unanimously by the General Assembly, although the Soviet bloc countries, Saudi Arabia and South Africa abstained. But that did not ease the disappointment in some quarters.

Sir Hersch Lauterpacht, a renowned Cambridge professor and later judge of the International Court of Justice, remarked acidly that the declaration "has proved acceptable to all for the reason that it imposes obligations upon none."

Why, then, honor such a document? An answer may be found in the words of one of the foremost American observers, who said that the framers "meant simply to declare the right, so that enforcement of it might follow as fast as circumstances should permit." They meant "to set up a standard maxim for free society, which should be familiar to all and revered by all;

constantly looked to, constantly labored for, and even though never perfectly attained, constantly approximated, and thereby constantly spreading and deepening its influence and augmenting the happiness and value of life to people of all colors everywhere."

The words fit the circumstances of 1948. But the commentator was Abraham Lincoln. He was speaking in 1857 about the American Declaration of Independence, which was then just 80 years old.

That declaration's human rights provisions likewise enjoyed no direct legal force. But throughout his career, Lincoln used those passages both as personal inspiration and as a political fulcrum in the struggle against slavery. He appreciated the value of a "standard maxim for free society," even if it carried no immediate legal force.

Lincoln explained: "The assertion that 'all men are created equal' was of no practical use in effecting our separation from Great Britain; and it was placed in the Declaration not for that, but for future use. Its authors meant it to be — as, thank God, it is now proving itself — a stumbling block to all those who in after times might seek to turn a free people back into the hateful paths of despotism."

When we celebrate either declaration, then, we celebrate the foresight of its framers.

More ambitious legal requirements were not realistically achievable in 1948. The drafters of the Universal Declaration used what agreement they could muster to begin a more patient process. If gov-

Giving a Graphic Illustration
Of the Right to Die Debate

By Frank Rich

NEW YORK — The day after they broadcast a tape of Dr. Jack Kevorkian killing a terminally ill 52-year-old man by lethal injection, Don Hewitt, the executive producer of CBS's "60 Minutes," and Mike Wallace, who reported the story, sat in Mr. Hewitt's office on West 57th Street in Manhattan watching one of their many critics hold forth on television. Howard Kurtz, the Washington Post media critic, was making the point on CNN that had "60 Minutes" not aired

The "60 Minutes" piece presented a man crippled by Lou Gehrig's disease who still had his own waning chance to answer this question himself, and chose death with the approval of his wife and brother — who gave their own testimony to Mr. Wallace.

Courts can and should judge Dr. Kevorkian's role in all this; they must rise to his taunts and determine if he is a criminal manipulator of the terminally ill. But it is not so easy to condemn Thomas Youk, the man who turned to him in desperation, or to dismiss the words of his family. Not if you can imagine yourself or anyone you love in his or their shoes.

In a culture where oral sex has joined graphic violence as routine fare, candor about terminal illness and death is still often taboo.

Though "60 Minutes" has had its debacles, this piece was not one of them. Its sober account of a man's final breath, not the nadir of taste on U.S. television, did provoke Americans into talking openly about the right to die.

"It's going on right now in every hospital in New York," said Mr. Hewitt of assisted suicide and euthanasia, with only a touch of hyperbole.

Whatever is going on, it is often shrouded in whispers and secrecy. Honest debate, which can lead to sensible regulation of managed-death scenarios now exercised covertly, is desperately needed — even if its catalyst is Dr. Kevorkian, yet another one of those American flakes who habitually push the most inflammatory moral questions onto the national radar screen.

I asked Mr. Wallace, who is 80, if he had any personal thoughts about these questions, should he find himself in the situation of a Thomas Youk. "Would I want this for myself? Absolutely," he answered.

"Instead of having some stranger come in and assist me with suicide, I'd like to say to a doctor who was a friend, who knew me, 'Enough — help me.' Mr. Wallace added that he was not advocating any position in his piece, and I think its straightforward presentation of Dr. Kevorkian's ghastly self-promotion bears him out.

If anything, "60 Minutes" may finally speed the trial of Dr. Death for murder, which, whatever the verdict, can only be a spur to a frank, humane and long overdue national conversation about the boundaries of life.

New York Times Service.

Beware, Broadening the Definition of Rights Can Make a Wrong

By Berthel Haarder
and Charles Goerens

BRUSSELS — Is the right to take a holiday with pay a human right? Is the right to vaccination a human right? Or is the right to enjoy the benefits of scientific progress a human right?

We would prefer to call them praiseworthy economic and social goals, rather than human rights.

There is a worrying tendency to label all kinds of political goals as "rights." And by doing that, we risk watering down the concept of human rights and leaving track of what is fundamental.

In June, Mary Robinson, the UN commissioner for human rights, told the European Parliament that there was an imbalance between political and civil rights on the one hand, and economic, social and cultural rights on the other, and that the latter must be emphasized.

Of course, there is nothing wrong with paying more attention to economic and social justice. The economic and social conditions in many parts of the world are deplorable and certainly need to be improved. What worries us is the underlying idea, which also was expressed by the World Conference on Human Rights in Vienna in 1993, that the right should not be put before the other, that they are all parts of the same whole and equally important.

To us, these rights are not equally important. The right to freedom of expression or the right to life should not be on a par with the right to paid leave, or the right to take part in cultural life.

By calling every kind of social and economic goal a human right we diminish the relative weight of truly important human rights, and there we include the right to freedom of thought, expression of opinion and religion, the

right to freedom of association, the right to life, the right to liberty and security of person. A fair and just legal system is also fundamental.

These fundamental rights are regulated in the International Covenant on Civil and Political Rights. And they should not be put on equal footing with economic, social and cultural rights. The International Covenant on Economic, Social and Cultural Rights.

We are aware that both these covenants derive from the United Nations Universal Declaration of Human Rights, which celebrates its 50th birthday this year. The declaration is a product of the Cold War, and its concept of rights was made very broad to please everybody.

We probably have to live with this broad definition of human rights, but we must not let it become a single out political and legal instrument for fundamental human rights and, thus, give them extra weight.

Fifty years after the adoption of the Universal Declaration, much remains to be done. Every day around the world human rights are flagrantly violated.

Revised efforts to promote universal respect for human rights are needed. We should concentrate on those fundamental human rights, and struggle to make them universally respected.

One person's right normally implies someone else's obligation; often the state's. In the case of political and civil rights the duty of the state is not to interfere but to let people express them-

selves freely. There is no financial cost in such an exercise. So there is no reason why people in poorer nations should not enjoy the same political rights as those in rich countries.

As regards economic and social rights, governments can always — rightly or wrongly — claim good intentions but then blame lack of resources for not delivering on their promises. Governments always have an excuse for not fulfilling their obligations. Thus, human rights cannot be expected to be universally respected. And if it is accepted that some human rights simply cannot be respected, it becomes more difficult to insist that others are.

Or leaders with weak democratic inclinations can try to "buy themselves free" and deliver economic and social goodies instead of political rights. They can say "Well, people don't have freedom of opinion, but they have health care," or "People don't have the right to peacefully assemble, but everybody is granted a job."

It is typical that Deputy Prime Minister Qian Qichen of China used this excuse at the recent international human rights conference in China. He wanted the world to recognize the increase in living standards achieved in China but also to prevent criticism of Beijing for its restrictions on political freedom.

Human dignity and the importance of justice and fair treatment are no more Western than Asian. Universality does not mean uniformity. The Universal Declaration protects cultural and religious diversity.

So, when taking stock of developments in recent decades and looking to set a human rights agenda for the years

to come, our conclusion is clear: Fight for a higher standard of living, by all means, but do not lose track of what is really important.

Mr. Haarder is a vice president of the European Parliament. He and Mr. Goerens, his European Liberal Democrat colleague, are members of the Parliament's human rights subcommittee.

LETTERS TO THE EDITOR

An Irresponsible Father

Regarding "Whose Fault Was It, Anyway? Father Files Suit Over Unwanted Baby" (Nov. 23):

This case is just another pathetic example of a person attempting to avoid accepting the consequences of his actions. As stated brilliantly by Kellie Smith's attorney, Mary Han, if the father, Peter Wallis, was so adamant, why didn't he use a condom? Each partner in a sexual relationship has the responsibility of birth control. Since Mr. Wallis considers birth control pills the only "foolproof method," perhaps he should wait for the male version before trying his luck again.

CYNTHIA UCCIELLO,
Milan.

Mr. Wallis's lawsuit against Ms. Smith for becoming pregnant demonstrates just how far the fight from personal responsibility has developed in America. How much lower can we go? Rather than paying an attorney, Mr. Wallis might consider hiring a urologist to perform a vasectomy, as his suit would seem to indicate he is not ready for the sacrifices and privileges of parenthood.

JAMES WILSON,
Paris.

A History of the Bosnian War

Regarding "In Bosnia, Calls to Agree on a Common History" by Tina Rosenberg (Opinion, Nov. 23):

Ms. Rosenberg's appeal for a multi-ethnic commission to write the history of the war in Bosnia-Herzegovina is a good idea whose time has not yet come. Practical and legal questions aside, the creation of a commission at this time

would be harmful to the broader concerns of justice.

International efforts to indict and arrest major war criminals are flagging.

The creation of a commission would merely provide a handy excuse to governments seeking to elude their international responsibilities to bring Bosnia's war criminals to justice.

JAMES D. ROSS,
Amsterdam.

The writer is a human rights lawyer.

Rating Paris Over London

Regarding "Tokyo Subway: Best Ride" (Nov. 21):

Only a London-based research center could find the London Underground superior to the Paris Metro.

Any British person who has had long-term daily experience of both public transport systems would surely agree that getting from one place to another in Paris is easier, quicker, more convenient and considerably cheaper than in London.

NICHOLAS STOREY,
Vincennes, France.

Whose Economic Advisers?

Regarding "Bonn Panel Criticizes Jobs Plan" (Nov. 19):

I wonder by whom these "independent advisers" were appointed. Could it, by any chance, have been the previous government of Helmut Kohl?

JOHN ROBERTS,
Labastide-Paumet, France.

Jews and World War I

Regarding "One Diarist's Germans" by Richard Cohen (Opinion, Nov. 20):

Victor Klemperer's service on the

front was one of the experiences he shared with other German Jews. Of the 550,000 Jews in Germany in 1914, 100,000 fought in World War I. About 12,000 German Jews lost their lives in the war and about 35,000 German Jews were decorated for their service.

COLIN MCPHERSON,
Musselburgh, Britain.LAURENCE WEINBAUM,
Jaffa, Israel.

Mr. Cohen asserts that Klemperer's front-line service and Iron Cross account, at least in part, for his having survived the Third Reich. Not so. Not one German Jew was spared deportation to a concentration camp because of his World War I combat record, however distinguished. The only reason Klemperer survived in Hitler's Germany was that his wife was an "Aryan."

FREDERIC S. BURIN,
Villars-sur-Ollon, Switzerland.

An Honorable Captain

Regarding "Trying to Save a Tall Ship: Weir Lives Lost Worth It?" (Nov. 16):

When the tall ship Fantome went down during the hurricane designated Mitch, Captain Guyan March was not acting as an agent of a greedy shipowner by trying to sail his boat into safer waters. He followed every rule of good seamanship, admiralty law and loyalty by assessing the situation, assuring the safety of his passengers and attempting to save the vessel. It sounds like the captain displayed duty first, but honor above all.

MATTHEW E. MORAN,
Kiel, Germany.

The writer is executive officer of the S.S.S. Thor Heyerdahl.

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INTERNATIONAL

ISRAEL: Netanyahu Busy Plugging Holes

Continued from Page 1

the Knesset — until the next crisis."

Mr. Levy, considered a moderate in a predominantly right-wing cabinet before he quit in January, was offered either the post of infrastructure minister of that of finance minister. It appeared that he would take the infrastructure portfolio.

As a master of political survival, Mr. Netanyahu's tactical skills are unquestioned. But even his aides are starting to acknowledge that the Israeli leader's scramble to save his political skin, and the current configuration of his government, looks like a series of stopgaps.

Right-wing and religious factions remain furious with Mr. Netanyahu for making territorial concessions to the Palestinians in the U.S.-brokered deal. The agreement will put Yasser Arafat in charge of 40 percent of the West Bank by February, a compromise that is no less than ideological heresy to stalwarts in Mr. Netanyahu's Likud party.

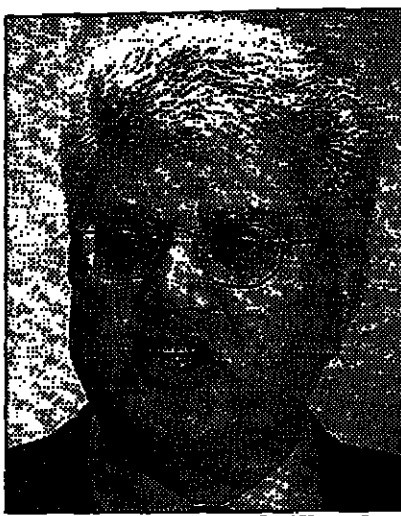
The defections from Mr. Netanyahu's camp within Likud, and among nationalists and religious parties in his con-

servative coalition, have forced him to go looking for allies in the unfamiliar political terrain of the Israeli center-left.

Largely because of the support of the Labor Party, Mr. Netanyahu was able to count on a comfortable majority for the Wye deal last week in the Knesset, Israel's Parliament. In his own cabinet, though, Mr. Netanyahu was only able to muster seven votes out of 17, including his own, to go forward last week with the troop pullback from 200 square miles (520 square kilometers) of the West Bank. Two larger withdrawals scheduled for this winter are likely to encounter at least as much opposition.

To key members of the government, there is no longer any choice but to refashion the coalition in a more left-leaning mold. Foreign Minister Ariel Sharon, a security hawk who has made his own political conversion by supporting and helping draft the Wye deal, told foreign diplomats here Tuesday he wants "as broad a coalition as could be built."

Trade Minister Natan Sharansky and Finance Minister Yacov Neeman have also come out in support of a national



David Levy, the former foreign minister, is set to rejoin the cabinet.

unity government. Publicly, both Labor leaders and Mr. Netanyahu have ruled out any such arrangement. In the style of Israeli politics, each side has expressed its extreme distaste for the other in extraordinarily personal terms.

BURMA: UN Offers Aid in Exchange for Political Overtures

Continued from Page 1

World Bank, according to diplomats involved in the negotiations.

One suggestion floated was for a meeting between the UN secretary-general, Kofi Annan, and Burma's military leaders at the summit meeting of the Association of South East Asian Nations next month in Hanoi.

"If the process gets under way, the World Bank will just be the thin end of the wedge," a Rangoon-based diplomat said.

"The private sector will gain confidence and the donor countries, which are looking for just about any sign of change, will jump in to help the development of the country."

But not even a blank check from the World Bank would break the deadlock in Burma, many observers in Rangoon warned. The country has no culture of political compromise and the military's sole priority is to retain its total grip on power, the observers said.

No matter how the plan is structured, however, the ruling generals would be

forced to accept Daw Aung San Suu Kyi's strong influence over the use of funds and her ability to stop them at any time.

The opposition leader, who won a Nobel Peace Prize in 1991 for her democratic struggle against the government, helped inspire the wide range of sanctions now imposed on Burma and she alone has the credibility to call for their loosening or removal.

Meanwhile, the government remains wary of foreign involvement in domestic matters and confident of the country's ability to ignore external pressure.

"Did the United Nations ensure stability in Cambodia after injecting billions of dollars? No," said Brigadier General Maung Maung, minister to the office of the ruling council's chairman. "We welcome any unconditional assistance you would like to give us, but like Cambodia, we need to solve our problems by ourselves."

One diplomat dismissed the UN initiative as an attempt by Western governments to "whitewash the dictatorship into something palatable for domestic consumption."

"You simply can't cross-breed democracy and military dictatorship," the diplomat said. "The generals may take some of the money, but they will never cede power. You must accept this reality and on that basis decide whether to give aid or not."

Most countries have opted against giving aid. Development specialists estimate that Burma could easily attract more than \$500 million per year from donor countries, but international condemnation of human rights abuses by the military government has reduced annual multilateral foreign development assistance to less than \$20 million in recent years.

All of this assistance passes through a UN program designed to avoid supporting the military government by sending aid directly to a select set of small, grass-roots projects in different parts of the country.

The UN program would very likely also serve as a model for funneling initial World Bank assistance into Burma, not sources involved in the negotiations said.

Dublin Landmark To Get New Look

The Associated Press

DUBLIN — O'Connell Street, the broadest and most historic boulevard in the capital, is to receive a modern monument to replace its former landmark blown up by the Irish Republican Army.

Lord Mayor Joe Doyle announced Wednesday that a 120-meter-high cone of stainless steel would be erected next year at the top of the street overlooking the River Liffey, where a pillar in honor of the British naval hero Lord Nelson had stood for two centuries until 1966.

Mr. Doyle said he hoped the spartan new monument, which will have a base of Kilkenny black marble and be partially lit at night, would become "a familiar and well-loved symbol of Dublin in the third millennium."

Head of the judging panel, Joan O'Connor, called the design a "brave and uncompromising beacon" that would reaffirm "the status of O'Connell Street as Ireland's principal urban thoroughfare."

The IRA destroyed Nelson's Column — a copy of the one in London's Trafalgar Square — to commemorate the 50th anniversary of the 1916 rebellion against British rule of Ireland.

TURKEY: Vote Topples Government

Continued from Page 1

that female university students be forbidden to wear head scarves, but powerful generals quickly slapped him down. Similar conflicts are likely to afflict the next government.

Mr. Demirel could name an interim prime minister within a few days. According to press reports, leading candidates include Hikmet Cetin, speaker of Parliament, and former Prime Minister Bulent Ecevit.

During his term of office, Mr. Yilmaz managed to bring Turkey's inflation rate down from nearly 100 percent annually to about 77 percent. Negotiations with the International Monetary Fund on an economic package for 1999 were to have begun Friday in New York, but were canceled Wednesday. Guner Taner, the cabinet minister who was to have led Turkey's delegation, was implicated in the scandal that brought down the government.

Human rights violations continued during Mr. Yilmaz's term, but apparently decreased steadily. Amnesty International recently praised the steps he has taken to curb abuses.

Although Mr. Yilmaz was not able to push through major reforms to a political system that many Turks believe is sclerotic and self-centered, he will be remembered as the prime minister on whose watch the country's most-wanted fugitive was arrested. The fugitive, Abdullah Ocalan, who leads a rebel army that has been fighting for a Kurdish homeland in southeastern Turkey, was held in Italy, then released but ordered to stay in Rome.

Although Mr. Yilmaz is perceived as pro-Western, Turkey's relations with Europe deteriorated during his term. After the European Union refused to name Turkey as a candidate for membership last year, Mr. Yilmaz reacted with a bitterness that alienated some European leaders. Relations seemed to be improving until the arrest of Mr. Ocalan last month. When Italian leaders refused to extradite him for trial in Turkey, Mr. Yilmaz and other Turks accused Italy of embracing terrorism and threatened it with an economic boycott.

The Yilmaz government was fragile from the start, depending on the support of Deniz Baykal, a power broker who controls a faction in Parliament but declined to join the ruling coalition. When Mr. Baykal withdrew his support several weeks ago, the government's fate was sealed.

Mr. Baykal acted after a series of charges that cast doubt on the government's integrity. The charges stemmed from a complex scandal that has been spreading for the last two years. It is centered around allegations that Turkish leaders have for years maintained ties to gangsters, using them to commit political murders and allowing them in return to smuggle drugs and weapons.

BOOKS

THE SHADOW OF KILIMANJARO

On Foot Across East Africa

By Rick Ridgeway. Illustrated. 288 pages. \$27.50. Henry Holt.

Reviewed by Richard Bernstein

IN a world that is smaller and smaller, it's harder and harder to write travel books that have the zing of adventure and the unknown to them, but a host of traveler-authors continues to plow the historic terrain. And no terrain in this regard is more historic than East Africa, a portion of which — from the summit of Kilimanjaro in Tanzania to the shores of the Indian Ocean in Kenya — was traversed on foot last year by Rick Ridgeway and a team of Kenyan guides.

Ridgeway, whose book, "The Shadow of Kilimanjaro," is an account of his trip, broaches a variety of subjects as he and his companions make their way through an area rich with animals and echoing with the exploits of earlier travelers — British empire builders, native hunters, tourists like Ernest Hemingway. Ridgeway's effort is to use his trek, which takes him from the ice fields of Africa's highest mountain to the Indian Ocean, about three days' walk away, as a starting point for reflections on history and nature.

He describes the activities of pioneering game wardens to save the elephants. He ruminates on the Waliangu, the famed People of the Long Bow, perhaps the greatest archers, whose way of life has been terminated by the requirements of conservation. He reads widely and recounts the experiences of predecessors in this part of Africa, for example, Lieutenant Colonel J.H. Patterson, a railroad builder whose greatest adventure was to hunt down two lions that had eaten dozens of his Indian coolies. Ridgeway

also scrutinizes his own reactions and emotions to try to answer some questions: Why do men enjoy hunting? Why are hunters also conservationists?

The past and the present of East Africa are so intrinsically interesting that it would be almost impossible to write a boring book on these subjects. Still, "The Shadow of Kilimanjaro" is limited in important ways, in large part because Ridgeway, likable and earnest as he is, does not have either the literary or philosophical originality to provide compelling answers to the questions he raises. His own excursion through the African bush also falls short of what might be called great adventure. But one reads his book with pleasure, enjoying his companionship and conversation, his keenness for experience and knowledge, and the quality of many of his observations.

Ridgeway, who lives in California, was in East Africa making a documentary film (which is what he does for a living in far-flung parts of the globe), so he did not exactly travel light. His companions were three experienced Kenyan mountaineers and game guides, as well as a cameraman and three African park rangers carrying high-powered rifles to protect the team from any attacking elephants, buffalo, hippos or lions. Here and there at designated points on the route, porters and a cook showed up in Land Rovers so that Ridgeway and his company could get close to nature and arrive in a comfortable and well-equipped camp at the end of each day.

In other words, while the expedition was on foot — "the only way," Ridgeway writes, "to gain a tactile knowledge of Africa's wildlands and wild animals" — this was something of a champagne safari. One doesn't blame our travelers for that, but the very comfort of it robbed the experience of some of its literary

possibilities. Hardship in the African bush is more interesting to read about than the enjoyment of mozzarella and tomato salad served with iced beer.

The Ridgeway team saw plenty of animals in the two parks it traversed, Tsavo West and Tsavo East, which extend eastward from the foot of Mount Kilimanjaro, but the presence of armed guards took away the suspense. At one point, the group is charged by an elephant matriarch, but the park rangers fire bullets over its head and the elephant, no fool, "plows its front legs to a stop, veers and runs at an angle away from us."

The charge is a high point for Ridgeway, one that he comes back to several times as he ruminates on human pleasure in the hunt. After considerable reflection, he arrives at the not very astonishing conclusion that the pleasure has to do not with the kill itself, but with the previous connection to the bush, "the razor edge your senses take" at the nearness of a buffalo or "the charge of a 12,000-pound elephant who means to do you harm."

The elephant population declined, and that required a ban on all hunting, even if it meant jailing many of the Waliangu tribe for carrying on the way of life of their ancestors. Ridgeway leaves the Waliangu village with the memory of a former hunter chewing slowly on a sheep bone and saying: "In the old days, we did important things. Now, we only farm."

It is an elegiac ending for a people caught in the very vise that Ridgeway represents, the vise of European visitors, tourism, international markets, high-powered rifles. To his credit, Ridgeway understands that fact as he makes his morally cautious way through Africa. What he understands is that, moral caution or not, he is able to enjoy it, and the Waliangu are not.

New York Times Service

BRIDGE

By Alan Truscott

IN the last five years, New York has lost four giants of the game: Jim Becker, Victor Mitchell, Edgar Kaplan and Judy Tucker. A Giants Game honoring all four was played Sunday night at Honors Club in Manhattan. It raised more than \$8,000 for the Chemo-therapy Foundation, and there was an interesting twist. Each of 80 participating pairs elected to play on one of four teams named for the honorees, and the Becker team was victorious, based on average percentage score.

The individual pair winners, Tom Smith and Gene Saxe, played for the Kaplan team and were aided by the diagramed deal. At some tables, West landed in five diamonds doubled, which was tricky after two heart leads forced a ruff. If West simply led the diamond ace he could escape for down two.

But if he led a club, hoping to reach the dummy for a diamond finesse, repeated heart leads would promote the diamond eight as an extra trick for the defense.

If North-South managed to reach four spades, finding their four-four fit, they could make a valuable overtrick.

The popular contract was four hearts, and Smith reached that, as shown, after he opened with one Precision club, strong and artificial. West led his spade deuce, an obvious singleton, and South captured the nine with the queen and drew trumps, ending in his hand. He then led the diamond king, and after taking the ace West did the best he could by shifting to the club deuce — a card that East should have marked closely. Smith captured the jack with the ace and cashed his remaining trumps, reaching the ending shown at right.

Reading the position accurately, Smith led the club eight and the diamond jack was thrown from dummy. East had to win and lead a spade, giving South three tricks in the suit and the overtrick he wanted. He would have been unable to manage this if East had paid attention to the lead of the club deuce. This indicated ownership of a club honor, clearly the 10, so East should have thrown his club honors and saved a small card in the suit.

With North as declarer, perhaps after a one-heart opening, a four-diamond overcall, and a reopening double from South, East would no doubt lead the club king. Then South could win, cash three top spades and play hearts, disposing of the club loser in the North hand.

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NORTH
♠ K 4 3
♥ Q 10 8
♦ 8 5 2
♣ 9 5

EAST(D)
♠ J 10 9 5
♥ J 6 5
♦ A Q 10 8 7 6 3
♣ 10 4 3 2

SOUTH
♠ A Q 8 7
♥ A K 9 7 3 2
♦ A 8
♣ A 8

East Pass West Pass North Pass South Pass
East Pass West Pass North Pass South Pass
East Pass West Pass North Pass South Pass

West led the spade two.

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CROSSWORD

ACROSS

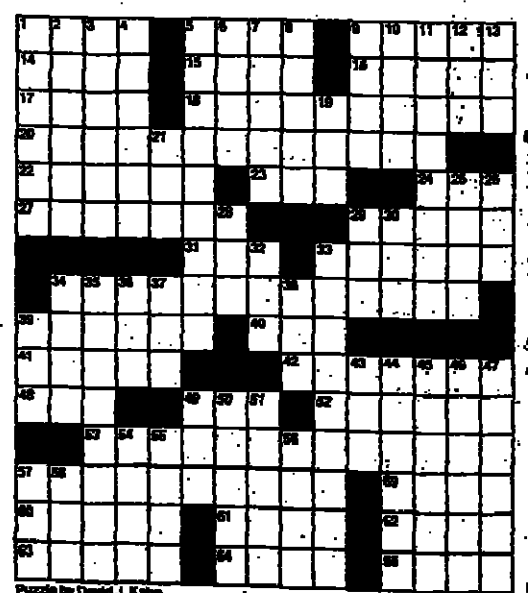
- 1 Some caste members
- 5 Take down
- 9 Art drawing
- 14 Reason for an NC-17 rating
- 15 It may be braided
- 16 "Mourning Becomes Electra" brother and nemesis
- 17 Movie princess
- 18 Peter, but not the saint
- 20 Francis, but not the saint
- 22 Floor-making factory
- 23 "I'll second that" shower
- 24 "Gunslinger" 27 Unproductive
- 29 Big bill
- 31 Loose
- 33 Garth Brooks, notably
- 34 Christopher, but not the saint
- 39 1925 trial name
- 40 Low grade
- 41 Take out for the shrikes, say
- 42 One way to stop
- 43 Smallest Can. province
- 49 Unfortunate
- 52 Bryan, for one
- 53 Stephen, but not the saint

DOWN

- 7 Metal tips
- 8 Sarcasm classic
- 9 Not quite a run
- 10 Alleging official
- 11 Popular houseplant
- 12 Clip
- 13 Admittance
- 14 Giddy stone
- 15 Chesterfield, for one
- 16 The Phantom of the Opera
- 17 Wreath feature
- 18 Like Bach's Sonata No. 3 for violin
- 19 Pale blond
- 20 Some Monopoly purchases: Abbr.
- 21 "... shall die" (1987 lyric)
- 22 Bingo call
- 23 Sunday spelt: Abbr.
- 24 Put away
- 25 Unnerve
- 26 And never informally
- 27 Bop's Bop's Bop's
- 28 Not say directly
- 29 Cap size
- 30 Vessel with a load
- 31 Device for recording speech
- 32 Bad marks
- 33 "Lost in Space" family name
- 34 U.S.N. rank
- 35 Witch's work
- 36 Bill Gates, e.g.: Abbr.
- 37 Banquet
- 38 Curved figure
- 39 Stuntmen
- 40 Emphatic, in a way
- 41 Rainier locale
- 42 Up to this time, once
- 43 Twinkling of an eye
- 44 Smart one
- 45 Popular mustard
- 46 Ear-related
- 47 Repellent
- 48 "... here" Abbr.
- 49 Contradict character
- 50 Prefix with vocal

Solution to Puzzle of Nov. 25

RUAC TEMPO RIMS
USSR ONTAP EROO
BEHNDARS MORO
INSER ONTHEBEAM
HOURI CUREO DWA
RUNNIN MOA
ENGAGEMENTRINGS
PER HADDIE
AKA TINES HEAVE
BANKVAULT ROKER
ARENA ARAL
GAME HOBBYHORSE
CAME ADELA GELT
SECT HELEN YOYO



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ASIA/PACIFIC

New Cambodia Assembly Opens Amid Skepticism

By Seth Mydans
New York Times Service

PHNOM PENH — After four months of infighting, bullying and bloodshed, Cambodia finally got its new National Assembly on Wednesday, a smiling, bowing alliance of men who despise — and in some cases have tried to kill — each other.

It looked the part, all red carpets and roll calls, gently tapping gavels and statesmanlike remarks from deputies in double-breasted suits.

But the red-carpeted institutions of government are not the real arenas of Cambodia's primitive politics, where bitter rivalries seem to go on forever and nobody truly concedes defeat. Many foreign analysts, their hope for democracy wearing thin, said they feared that the show of unity would be fleeting.

For one thing, the new government, formed together long after the July 26 election by the moral suasion of King Norodom Sihanouk, looks unsettlingly

like the last one, which broke apart in a violent coup 16 months ago.

Once again, it is a coalition of battlefield enemies from the 1980s: the former Communists of Hun Sen and the royalists of Norodom Ranariddh, the king's son. Once again, the two parties share the ministries of defense and interior and apportion the rest between them.

But there is a key difference in the arrangement that could make it more stable: Only one man is in charge this time, Prime Minister Hun Sen, whose party won the most seats in July.

Prince Ranariddh, whose party is the junior member of the coalition, has been relegated to speaker of the 120-seat National Assembly, where the clash of ambitions will be less destabilizing than when he shared the premiership with Mr. Hun Sen.

In addition, Cambodia has seen two major events in recent months that open a new political chapter and offer the possibility of substantive work by the

government, if it chooses to do so.

One is the collapse of the Khmer Rouge guerrillas, after more than 30 years of fighting and mass killings. Their collapse as a serious fighting force removes an armed threat to stability as well as an arena of competition between the two major political parties.

The Communist Khmer Rouge, responsible for the deaths of more than 1 million people when they held power from 1975 to 1979, have disintegrated through defections over the past two years. Their founder, Pol Pot, died in the jungle in April.

The second change is the success of Mr. Hun Sen's coup in July 1997, which ousted the prince's royalist troops and crippled his political party.

"It dismantled their security apparatus, dismantled their media outlets, helped exacerbate or even create fissures within the party, put the party at a significant disadvantage in the 1998 election and contributed immeasurably to the climate of impunity and political

repression," a Western diplomat said of the coup.

The country is now governed by one dominant and feared political and military power, recognized by the international community, that will be more difficult to challenge.

The formation of an elected government, despite the fraud and intimidation that marked the election, is likely to restore Cambodia's disputed United Nations seat, win eventual acceptance into the Association of South East Asian Nations and see a resumption of crucial foreign aid that was suspended after the coup.

It brings to Mr. Hun Sen the legitimacy he has sought since he was installed as prime minister in 1985 by an occupying Vietnamese army and since he had to elbow his way into shared leadership with Prince Ranariddh in 1993 after losing an election sponsored by the United Nations.

"In Cambodia now there are no competing ideologies, no competing armed forces and no outside interference," a foreign diplomat said. "This obviously increases the chances for stability. And stability was one of the fundamentals of the international involvement in the Cambodian elections."

The other fundamental was the fostering of democracy in Cambodia, and it is less clear that progress has been made in this direction.

The election itself, though marked by



Prince Ranariddh, left, with Prime Minister Hun Sen on Wednesday.

an outpouring of enthusiasm by voters, was badly flawed through the muscle and manipulation of Mr. Hun Sen's party. Its outcome was the result of post-election struggles as much as of the voting itself.

As a lesson in democracy, its message to Cambodians may have been that real power does not yet come from the ballot box but from the feudal chieftains who still hold sway.

It is not yet clear that the people who have won power will use it to address the country's real issues of poverty, economic development, education and health care, which are among the worst in the world.

Mr. Hun Sen's party, the Cambodian People's Party, has control of what are described here as the "money-making ministries" (a reference to their potential for corruption), including finance, commerce, construction, industry and planning. Prince Ranariddh's party has most of the social portfolios, like education, health and rural development.

Thus, the prince's party can make its mark on society, and boost its future electoral prospects, if it succeeds in improving social welfare. But its prospects for this are severely limited: It will depend almost entirely on funding from Mr. Hun Sen's financial ministries.

India Exit Polls Show Opposition Gains

By Celia W. Dugger
New York Times Service

NEW DELHI — People here were in a sour mood Wednesday as they voted in elections that are likely to further weaken the wobbly Hindu nationalist-led coalition that has governed the country for eight months.

Cranky voters complained about soaring vegetable prices, crime and endemic corruption as they left the polling booths. "We're poor," said Lila Kumari, 48, who supports herself and her elderly mother on her meager earnings from sewing sleeves onto shirts. "How can we eat?"

Election officials will not begin counting the millions of votes cast Wednesday in the capital territory of Delhi and the states of Rajasthan, Madhya Pradesh and Mizoram until Saturday.

But exit polls conducted for the government-funded television station found that Hindu nationalist governments in Delhi and Rajasthan were being swept from power by the Congress (I) Party, which has ruled India for most of its 51-year history as an independent nation.

In Madhya Pradesh, a large state in central India that is currently governed by the Congress (I) Party, exit polling showed the Hindu nationalist Bharatiya Janata Party with a narrow, 2 percent lead in the popular vote, but polling experts said the margin of error makes it difficult to know the outcome of the race until the votes are actually counted. In Mizoram, a tiny state in northeastern India, Congress (I) was losing to a regional party.

Political analysts say that the loss of its strongholds in Delhi and Rajasthan would be a serious political blow to the

Bharatiya Janata Party. At a minimum, it is likely to make some of the party's coalition partners, already nervous about how the inflation issue will affect their own political prospects, more likely to bolt, and could set off a move for a no-confidence vote when Parliament convenes next week.

This election was the first to be held since the Bharatiya Janata Party won power at the national level in May. It is also the first test of the Congress (I) Party's popularity since the Italian-born Sonia Gandhi, widow of the assassinated Prime Minister of India, Rajiv Gandhi, took over as president of Congress.

For weeks, the Bharatiya Janata Party and Prime Minister Atal Bihari Vajpayee tried to change the prime topic of political conversation from the price of onions, which has soared in recent months, to other issues such as corruption.

BRIEFLY

Vietnam Chides Manila on Spratlys

MANILA — Vietnam complained Wednesday about the Philippines' accepting China's proposal for "joint use" of structures being enlarged by Chinese workers on a disputed South China Sea reef, a Philippine official said.

In Hanoi, the Philippine ambassador, Jorge Lardizabal, was summoned by the Foreign Ministry to explain why Manila had agreed to the proposal, the official said. "They're not comfortable about this joint use and they want to clarify why we suddenly agreed to it," said the senior Philippine foreign affairs official, speaking on condition of anonymity.

The reef is part of the Spratly Islands, which are claimed in whole by China, Vietnam and Taiwan, and in part by Malaysia and the Philippines. Brunei claims one reef. (AP)

China Still Holds 70 Church Leaders

BEIJING — More than 70 Protestant "house church" leaders remain in detention following a crackdown on illegal church activities in late October and early November, and one woman was beaten so badly in jail that she suffered brain injuries, a human rights group said Wednesday.

The crackdown occurred in the central province of Henan, where underground Protestant leaders from around the country were holding meetings.

The injured woman, Cheng Meiyang, had traveled to the meetings from northeastern China, where she was a successful missionary, establishing many new house meetings, according to the statement from the New York-based group Human Rights in China.

The statement, based on information passed abroad by house church followers, said that Miss Cheng had repeatedly been beaten while in detention and had lost consciousness for three days. She was released Saturday but suffers mental loss and severe disorientation, the statement said. (NIT)

Killer of Pandas Jailed for 20 Years

BEIJING — A farmer in southwestern China has been sentenced to 20 years in prison for killing giant pandas, selling their pelts and stabbing and seriously injuring a policeman while resisting arrest in 1995, the state-run Xinhua press agency reported Wednesday.

The giant panda is an extremely endangered species indigenous only to China. (AP)

Malaysian Protests Fade After Comments by Gore

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — The nascent Malaysian anti-government movement is in retreat, with one of its leaders in prison, demonstrations reduced to a few dozen people standing on a street corner once a week and outrage fading over the treatment of the best-known leader of the movement, Anwar Ibrahim.

The Malaysia of two months ago, where weekly street protests drew tens of thousands of citizens, looks unlikely to return soon, Malaysian political analysts and business leaders say.

The killings of dozens of people in ethnic-related violence in neighboring Indonesia in the past two weeks has undercut support for street protests, especially among Malaysia's large and influential Chinese minority.

And after Vice President Al Gore praised voices of reform in Malaysia this month, the government has waged a widespread campaign to drum up patriotism; radio spots and daily full-page advertisements fill local newspapers that exhort Malaysians to condemn the "stupid, ignorant, ill-bred idiots" insulting the country, words aimed at Mr. Gore.

The streets of Kuala Lumpur are filled with cars flying miniature national flags, which are given out free.

All of this would appear to be a victory for Prime Minister Mahathir bin Mohamad, who just two months ago was under siege, widely criticized abroad for the treatment of his former deputy and facing large-scale demonstrations at home.

But political analysts here say the political mileage that Mr. Mahathir has earned amid the outrage over Mr. Gore's comments will fade just as the

black eye Mr. Anwar got after he was imprisoned is no longer seen as a major issue.

"Although the prime minister seems to be in front today, I'm not sure he can sustain it over the next few months," said an aide to one of the top politicians in Malaysia. "We are not sure how the economy will fare."

But for now, the government seems to have the upper hand.

Opposition groups are finding it more difficult to communicate their anti-government message. Tian Chua, who helped cobble together the diverse political parties and human rights groups that formed a key element of the reformasi movement, was arrested last weekend, several hours after a small street demonstration.

He is still in police custody and is being charged with demonstrating illegally.

The government has also tried to put out the message to Malaysia's large middle class that any kind of demonstration can easily turn into a racial and ethnic issue. That seems to have had success among the ethnic Chinese, who make up about one-third of the population of Malaysia.

"What we're scared of is that, if it's allowed to go on and it gets out of hand, then the price to be paid will be very expensive," said Paul Low, the head of the Federation of Malaysian Manufacturers, which represents 2,000 companies.

Editors at local newspapers, which are closely monitored by authorities, say they have been instructed to run photos from around the world of street violence.

Photos of bloodied corpses on Jakarta streets run on the front page. The images resonate among Malaysians who remember the ethnic riots that rocked the Malaysian capital three decades ago.

But looming over the political scene is the issue of Mr. Mahathir's health. After two major international events in the capital — the Commonwealth Games in September and recently concluded Asia-Pacific Economic Cooperation forum — the 72-year-old prime minister appears tired.

Mr. Mahathir, who underwent open-heart surgery a decade ago, does not have a clear successor following the September dismissal of Mr. Anwar, the former deputy prime minister whose trial on corruption and sodomy charges rumbles on.

For now, the prime minister's bold experiment with capital controls has impressed many business leaders in the country. The measures, introduced in September, insulate the country's currency, the ringgit, from global trading and peg it to the dollar.

"Interest rates have been brought down, the stock market has been going up and the earlier general pessimism seems to be slowly and gradually overturned," said Looi Teong Chye, head of the Association of Small and Medium-Scale Industries.

Troops Stop Rally Near Suharto Home

The Associated Press

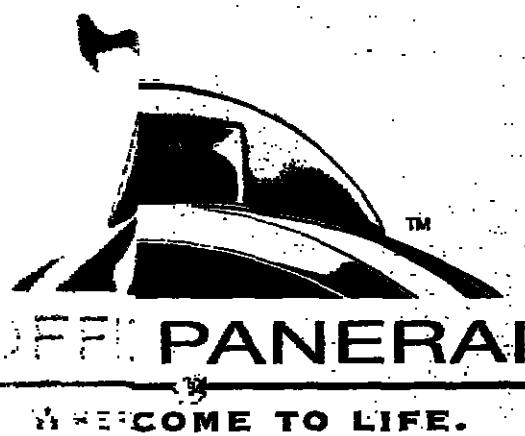
JAKARTA — Hundreds of Indonesian students tried Wednesday to march to the heavily guarded home of former President Suharto to press demands that he be tried for corruption and human rights abuses.

Squads of troops, however, blocked the estimated 1,500 students at a park adjacent to the U.S. ambassador's residence after they had moved from downtown through the exclusive suburb where Mr. Suharto lives.

There were no reports of arrests or injuries. Stopped about a kilometer (about 1,000 yards) from Mr. Suharto's home, the students chanted anti-government slogans and shouted, "Suharto is a dog!"

Two busloads of students also were blocked from demonstrating outside the State Secretariat, next door to the presidential palace.

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INTERNATIONAL

Iraq Criticizes Inspector And Oil Sales Program

The Associated Press
BAGHDAD — Iraq took aim Wednesday at both the chief United Nations weapons inspector and the extension of the "oil-for-food" program a day after the UN Security Council's failure to take a tough stand in the dispute over arms documents.

UN arms experts, meanwhile, started a second week of inspections since their return to Iraq. Ten jeeps set out on Wednesday from the Baghdad headquarters of the UN Special Commission for disarming Iraq. On Tuesday, inspectors visited a total of 25 sites, according to Iraqi officials.

The arms experts were evacuated for a week this month amid threats of U.S.-British air strikes on Iraq for its refusal to cooperate with the UN commission, known as Unscm. The air strikes were called off Nov. 14 after Baghdad promised to resume cooperation.

Although Washington has kept its forces on guard for the next time Iraq

falls out of line, the Security Council failed Tuesday to pass judgment on the reluctance of the Iraqis to hand over more documents to the commission.

"Council members expressed their continued full support for Unscm in fulfillment of its mandate," said the panel's president, Peter Burleigh.

Despite nearly four hours of talks, no decision was made as to whether Iraq's refusal amounted to noncompliance.

The chairman of the UN commission, Richard Butler, has issued a series of letters requesting documents containing specific data on Iraqi biological, chemical and ballistic disarmament files. But Iraq is refusing to hand over new documents, saying that more than 2 million have been surrendered during the seven years that the commission has been searching for Iraqi weapons of mass destruction.

"It is clear from the successive letters sent by Butler that he is looking to stop or delay the comprehensive review of sanctions," the daily newspaper of the ruling Ba'ath Socialist Party, *Ath Thawra*, said Wednesday.

The Security Council renewed the oil-for-food agreement Tuesday at current levels, providing for Iraq to export up to \$5.2 billion worth of oil over a six-month period, starting Thursday.

The oil-for-food plan has been in force in six-month phases since December 1996, but the allocation was doubled for the fourth term in view of falling health standards. It allows Iraq to export a fixed value of oil in return for urgently needed food and medical supplies.

Iraq had sought a two-month extension of the current, fourth phase of the accord, asserting that a slump in oil prices had prevented it from reaching an agreed target of \$4.5 billion.

A UN spokesman said the United Nations and Iraq were set to hold talks in Baghdad on a new distribution plan for humanitarian supplies.

"We will continue to run the oil-for-food program while discussions go ahead on details of the distribution plan for phase five," the spokesman said.

But *Ath Thawra* asserted that the program was "obsolete" and no longer capable of meeting Iraq's needs. The paper called instead for the oil embargo to be lifted.

Separately, Iraq dismissed U.S.-British support for Iraqi opposition groups trying to topple President Saddam Hussein as an imperialist fantasy.

"Those colonizers are having sick dreams which are impossible to realize," the official Iraqi press agency, INA, quoted an Information Ministry spokesman as saying. (AFP, Reuters)

Glitches Reported In Space Station

Reuters
MOSCOW — The five-day-old International Space Station has developed three small malfunctions, but they will not prevent it from docking with its next module early next month, the head of the Russian Space Agency, Yuri Koptev, said Wednesday.

"Work overall is proceeding normally, but there are three minor malfunctions," Mr. Koptev said at a press conference, adding, "They do not have any impact on the Zarya's overall operations."

Russia launched the unmanned power and propulsion module, named Zarya, last Friday, marking the start of a \$60 billion project with the United States, Europe, Japan and Canada.

Mr. Koptev said one of eight batteries that store energy from solar panels was not working properly, but he said the craft needed just four to operate properly.

Officials have also detected an unexpected abundance of humidity inside the \$238 million, U.S.-funded module. A third problem is that an antenna for the craft's manual docking system — a backup to the automatic system — is not working properly.



President Jacques Chirac welcoming Mr. Arafat to the Elysee Palace on Wednesday.

Arafat Goes to Paris on Gaza Flight 001

The Associated Press
DAHANIEH, Gaza Strip — With an honor guard seeing him off, Yasser Arafat, the Palestinian leader, flew to Paris on Wednesday on his first flight from the new Gaza International Airport.

A vital link for Palestinians bringing goods in and out of Gaza and a powerful symbol of independence, the airport opened Tuesday.

Mr. Arafat's Flight 001 took off while Israeli security officials in civilian clothing watched from the runway. Israel maintains security control over the airport.

"This is a historical event that ushers in a new era in Palestinian history," said Brigadier General

Fayez Zeidan, chairman of the Palestinian Civil Aviation Authority. Mr. Zeidan said 001 would now be Mr. Arafat's official flight number.

Two of Mr. Arafat's top advisers, Nabil Shaath and Nabil Abourdeneh, accompanied him to Paris where Mr. Arafat was to meet with President Jacques Chirac and Prime Minister Lionel Jospin. He also was to meet President Hosni Mubarak of Egypt, who was in Paris for a French-African summit.

Mr. Zeidan said commercial flights from Gaza would begin next week. Those include daily flights from Gaza to Jordan and back. Air Morocco has also agreed to have two flights weekly to and from Gaza.

Argentina Orders Ex-Admiral's Arrest

By Sebastian Rotella
Los Angeles Times Service

BUENOS AIRES — A judge investigating the systematic kidnapping of babies by the dictatorship that ruled Argentina in the 1970s and '80s has ordered the arrest of former Admiral Emilio Massera, a feared member of the military junta.

Admiral Massera, 73, became the second former Argentine military leader arrested this year in accelerating investigations of the regime's practice of holding pregnant political prisoners until they gave birth, killing the mothers and turning the babies over to members of the security forces.

The head of the junta, General Jorge Rafael Videla, was arrested in June on charges that he was the chief commander of the conspiracy.

After testifying for most of the day Tuesday before the investigating judge, Maria Servini de Cubria, Admiral Massera was arrested on suspicion

of unlawful detention of children and falsification of documents.

The pPolice speeded him past a mob of demonstrators at the courthouse here to the capital's outskirts, where he was held in a detention center at the Campo de Mayo army base.

Ironically, the army base was the site of a clandestine "maternity ward" where the doomed prisoners gave birth.

Human rights activists have documented the disappearances of 250 babies and estimate that the actual number is twice that high.

Admiral Massera and General Videla were convicted in 1985 of murder and other crimes perpetrated by the regime, which killed as many as 30,000 people from 1976 to 1983. The two were pardoned and released in 1990.

Like General Videla, who awaits trial under house arrest because of his fragile health, Admiral Massera is expected to appeal the arrest order.

BRIEFLY

Iran May Get 3 More Reactors

MOSCOW — Russia is studying the possibility of building three more nuclear reactors at a controversial power plant in Iran, the Russian nuclear power minister said Wednesday. The United States and Israel already object to Russia's efforts to help with the construction of a nuclear reactor in Iran, and would almost certainly oppose the building of additional reactors. They fear that the reactors could be used to help develop nuclear weapons. Iran insists that the plant will be used only for energy.

The Russian minister, Yevgeni Adamov, recently returned from a trip to Tehran, where he signed an agreement with Mohammed Aghazadeh, head of the Atomic Energy Organization of Iran. The deal calls for Russia to complete its work on an \$800 million contract to help build plant and conduct a feasibility study for the additional reactors. (AP)

Congo Rebels Acknowledge Attack

KIGALI, Rwanda — Congolese rebels acknowledged Wednesday that Zimbabwean warplanes had bombed the eastern shore of Lake Tanganyika in an apparent escalation of a counteroffensive by forces allied with the government of the Democratic Republic of the Congo.

Congolese state radio said Tuesday that the government and its allies had hit rebel targets in Kalemie, a port about 500 kilometers (300 miles) south of the rebel stronghold at Goma. The raid followed a similar attack last week in which the government said it had sunk six barges, carrying 600 rebel troops, between Kalemie and Moba, the southernmost town under rebel control. The rebels denied that report.

In the past, rebel commanders have dismissed the threat of the Zimbabwean Air Force, saying its planes were dropping bombs from too high an altitude to hit precise targets. (AP)

Forest Groups Protest Brazil Cuts

RIO DE JANEIRO — More than 300 nongovernmental organizations have criticized a government plan to make heavy cuts in programs to protect Brazil's rainforests.

Programs to fight forest destruction and increase ecotourism will be hurt by the cuts, said Claudionor Alexandre Barbosa da Silva, president of the Amazon Work Group, in an interview Tuesday with the *Estado de Sao Paulo* newspaper. The group, which represents 355 nongovernmental organizations, is opposed to a government plan to cut 90 percent of funding allocated for the forest programs.

The cuts are part of an austerity program Brazil put in place to secure a \$41.5 billion International Monetary Fund rescue package. (AP)

For the Record

The Taleban militia in Afghanistan on Wednesday released the last Iranian prisoner it had been holding since August, the official Iranian press agency, IRNA, reported in Tehran. Manuchehr Amiri, a truck driver, was handed over to an official of the Foreign Ministry of Iran in Afghanistan and the two later left for Iran, the agency said. (AP)

The government of Peru this week erased the criminal records of more than 400 people wrongly convicted of terrorism who had been freed by presidential pardons, a longtime demand of human rights groups. The measures also ended terrorism or treason charges pending against the former prisoners and freed them of obligations to pay fines imposed on them by military courts. But they have not been offered financial compensation for the years in prison. (AP)

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AOL Takes Lead In E-Commerce

Now It Has to Prove Itself

By Saul Hansell
New York Times Service

NEW YORK — America Online Inc. built itself into the most potent force in cyberspace largely by appealing to families with young teenagers who want to flirt on-line and adults looking for an easy way to send electronic mail while checking the weather and sports scores.

Nearly lost in the complexity of America Online's deal to buy Netscape Communications Corp. is America Online's announcement that it will enter an entirely new market: working behind the computer screen to help companies open and operate on-line stores.

Netscape already has created software that made it a player in providing support for what is known as electronic commerce. But America Online now says it has ambitions to offer a much wider array of software, consulting and services for on-line merchants.

"Most companies that sell to consumers realize that they need to get into the e-commerce space," said America Online's president, Robert Pittman, in a news conference Tuesday. "We see a major business in offering them an end-to-end solution."

The market is big and growing bigger by the day. Forrester Research Inc. estimates that \$325 million will be spent this year on electronic-commerce software, with an additional \$5.3 billion spent on services that range from graphic design to the turnkey operation of entire on-line stores. By 2002, Forrester estimates, the combined market for electronic-commerce services and software should top \$35 billion.

Traci Gere, an analyst at International Data Corp., said: "E-commerce services are the silver bullet that will enable companies to be able to take advantage of the true business opportunities on the Web. The market is growing very rapidly, but it is very fragmented."

Analysts say the current leader in e-commerce services is International Business Machines Corp., which has full line of offerings from sophisticated software products to consulting.

Other competitors include companies such as Andersen Consulting, the spin-off from the Arthur Andersen accounting firm; Electronic Data Systems Inc., which runs computer systems for big companies; and PricewaterhouseCoopers, which offers accounting and consulting separately but under one umbrella. Software companies such as Microsoft and Netscape sell packaged programs, typically with little or no consulting.

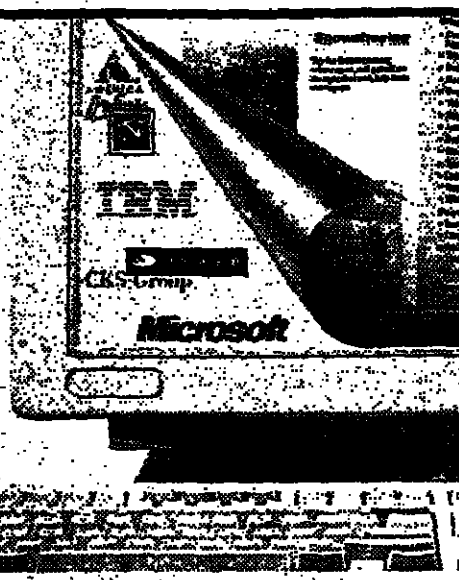
There are also plenty of new companies that have sprouted up to provide electronic-commerce services. Some, like Agency.com and Organic Online, started basically as advertising and design firms. Others, including US Web and Viart, have emphasized programming and consulting. In fact, those two strains are blurring together, as exemplified by US Web's pending merger with CKS Group.

America Online argues that its advantage in this increasingly crowded bazaar is its ability to combine a broad subscriber base of about 45 million customers with Netscape software, plus hardware from Sun Microsystems, which has joined in America Online's venture into electronic-commerce engineering.

"This is the first time anyone has put a true end-to-end solution that starts with the silicon and ends with the audience," said Barry Schuler, America Online's president for interactive services. "We start with Sun's line of servers, then the commerce tools to build a store, the support services to process orders and then a deal for on-line real estate that can drive the traffic."

Despite the advantages Netscape and Sun bring, analysts say that America Online faces a variety of problems.

See AOL, Page 18



www.e-commerce.sell

Electronic commerce - buying and selling through the World Wide Web - is growing fast and so is the business of creating the tools and services needed to set up shop on the Internet.

The Merger

America Online/Netscape/Sun intended to offer end-to-end help for companies with hardware, software, space on servers and access to a huge audience of consumers.

STRENGTHS AOL's reach.

WEAKNESSES Little ability to provide customized consulting and service.

Established Computer Services Suppliers

STRENGTHS Already provide wide range of information technology support for major corporations.

WEAKNESSES Internet may not be highest priority.

Internet Services Agencies

STRENGTHS Focus on Internet applications and design skills.

WEAKNESSES Relatively inexperienced.

Software Companies

STRENGTHS Packaged applications can be used by a wide range of businesses.

WEAKNESSES Little or no ability to customize products.

Hoechst and Rhone Disclose Talks

European Drug Giants Confirm They Are Discussing Joining Forces

Compiled by Our Staff From Dispatches

PARIS — Rhone-Poulenc SA and Hoechst AG, the leading drugmakers in France and Germany, ended weeks of speculation Wednesday by confirming that they are negotiating a merger.

A combination of the two would create the world's second-biggest drugmaker in terms of sales, after Merck & Co. of the United States. Hoechst's annual sales are estimated at about \$13.75 billion, with Rhone-Poulenc at \$11 billion. The two companies together employ 180,000 people.

The talks have been under way for months, and sources said the acknowledgment Wednesday could signal that an announcement could come soon. But Hoechst said there was "no guarantee" as to the outcome of the discussions.

Analysts said such a merger would improve the companies' market share and bring major savings in the pharmaceutical sector by combining areas in which they overlap, including cancer and allergy treatments.

Rhone-Poulenc shares fell 4.50 French francs to 286 francs (\$49.94), while Hoechst shares declined 3.35 Deutsche marks to 75.05 DM (\$43.90). Both companies' shares have climbed more than 30 percent in recent weeks amid talk that they would merge.

"Combining to create critical mass in life sciences is a good idea," said Thilo Steiger, a fund manager at AXA Funds-



Jean-Rene Fourtoun, Rhone-Poulenc's chairman, sees a partner in Hoechst.

management. But neither Hoechst nor Rhone-Poulenc has any blockbuster drugs to compete with their rivals' best-sellers. Hoechst's top-selling drug — Cardizem, a heart medicine — had \$880 million in sales last year, while Rhone-Poulenc's blood-thinner Lovenox, generated revenue of \$500 million. Merck, Eli Lilly & Co. and Pfizer Inc. all have drugs with sales of more than \$2 billion a year.

In addition, Hoechst and Rhone-Poulenc lack marketing clout in the United States, the world's most profitable and biggest market for pharmaceuticals, analysts said. The combined company

would rank 11th in the United States in sales terms, with a 3 percent share of the country's \$94 billion market for drugs, based on sales so far in 1998, according to IMS Health, which publishes figures on sales of prescription drugs.

The companies also have run into obstacles in efforts to shed chemical businesses as they seek to focus on more profitable products.

A joint business would contain Hoechst's and Rhone-Poulenc's key assets, such as Hoechst's Marion Roussel, Hoechst's drug unit; Rhone-Poulenc Rorer Inc., the French company's U.S.-based drugmaker; and Rhone-Poulenc's Pasteur Merieux Connaught unit, the world's biggest vaccine maker.

One executive involved in the negotiations said Rhone-Poulenc and Hoechst had agreed on a management team for the new company but remained uncertain how to structure a merger of equals.

The problem appears to be twofold: There is a large difference in the market capitalizations of the two companies, so if Rhone-Poulenc and Hoechst were to merge, the German company would control 59 percent of the new entity. But executives at both companies are said to fear that the French government would reject a deal that allowed Rhone-Poulenc's pharmaceutical holdings to be controlled by a foreign company.

(Reuters, Bloomberg, AP, NYT)

Deutsche Deal Seen as a Trend-Setter

By Edmund L. Andrews
New York Times Service

FRANKFURT — Deutsche Bank AG's \$9.7 billion bid for Bankers Trust Corp. of New York is merely the most visible sign of a much broader upheaval in European finance.

From Swiss giants such as UBS to aggressive acquirers such as ABN-AMRO of the Netherlands, big money-center banks in Europe are coping with intense new competition both globally and in their home markets.

The new pressures are sending more financial institutions — banks, insurers and mutual fund companies — into one another's arms.

Many analysts and industry executives assume there will be additional

trans-Atlantic deals as European banks struggle to carve out positions in the huge American market.

Part of the pressure comes from American investment banks, which play a dominant role in orchestrating Europe's biggest mergers and help companies raise money from global markets.

But there are other forces at work. The introduction of the single European currency, the euro, in 11 countries in January has increased the pressure on national banks to reinvent themselves as European players.

Meanwhile, profit margins in traditional banking areas such as commercial lending have declined so much in countries such as Germany that banks are scrambling to enter more lucrative areas. The result is a sweeping realignment in

European finance. Big insurers are forming cross-border alliances with commercial banks. Takeover battles have erupted between rival institutions; the Belgian-Dutch financial firm Fortis, for example, outbid ABN-AMRO this year in the \$14 billion takeover of Generale de Banque SA of Belgium. And within countries, banks are merging to reduce their costs and bolster efficiency.

"There are whole new growth areas, and these have caused the banks to realize they have to reposition themselves," said Norbert Euste, a managing partner at B. Metzler Seel, Sohn & Co., a private bank in Frankfurt.

Not surprisingly, Deutsche Bank's bid for Bankers Trust has prompted

See BANKS, Page 18

Asia and Russia Hit Nestle's Earnings

New York Times Service

Nestle SA, the Swiss food giant, became the latest European company to feel the bite of the emerging-markets meltdown, announcing Wednesday that collapsing sales in Russia and Asia would slow profit growth this year.

Nestle said food sales in its Africa, Asia and Oceania regions slumped 8.7 percent from a year earlier in the first 10 months of the year, to 10 billion Swiss francs (\$7.1 billion). In Russia, sales plummeted 30 percent, Nestle said, though it gave no detailed figures.

In July, Nestle reported that sluggish sales in Japan and Brazil — markets that had shown abundant recent promise — as well as a stronger Swiss franc were clouding its growth outlook.

At a news conference at Nestle's headquarters in Vevey, Switzerland, the company said global revenue in the first 10 months rose 4 percent, to 59.2 billion Swiss francs from 56.9 billion francs a year earlier. Nestle said its commitments in Russia to deliver products at dollar

prices calculated before the ruble's 60 percent plunge in value against the U.S. currency, would cut into earnings.

Peter Brabeck, who took over last year as chief executive at Nestle, said higher interest rates in Latin America also would weigh on earnings. He added, however, that continued robust de-

mand for Nestle products in the United States and Western Europe would help offset the downward trend elsewhere.

Mr. Brabeck said Nestle was taking "energetic measures" to counter the problems, such as introducing lower-priced products, developing new distribution channels and reviewing costs.

IHT Opens a Printing Site in Indonesia

International Herald Tribune

The International Herald Tribune will begin printing in Indonesia on Thursday following a press liberalization program under which the new government admitted international publications, the Paris-based newspaper announced.

The Jakarta site is the 17th print site added by the paper, which is jointly owned by The New York Times and The Washington Post.

The P.T. Gramedia presses will

print the full global edition of the IHT for morning distribution. Previously, the IHT was flown to Indonesia from print sites elsewhere in Asia.

Nigel Oakins, the IHT's managing director for Asia-Pacific, said the paper was "committed to increasing its presence in the Asia-Pacific region" and that printing in Jakarta was "an important part of our overall expansion plan, which will further unfold in the coming months."

CURRENCY & INTEREST RATES

Cross Rates									
	1	5	10	20	50	100	250	500	1000
American	1.00	5.00	10.00	20.00	50.00	100.00	250.00	500.00	1000.00
British	0.65	3.25	6.50	13.00	32.50	65.00	162.50	325.00	650.00
Canadian	0.70	3.50	7.00	14.00	35.00	70.00	175.00	350.00	700.00
French	0.16	0.80	1.60	3.20	8.00	16.00	40.00	80.00	160.00
German	0.63	3.15	6.30	12.60	31.50	63.00	157.50	315.00	630.00
Italian	1.36	6.80	13.60	27.20	68.00	136.00	340.00	680.00	1360.00
Japanese	109.00	545.00	1090.00	2180.00	5450.00	10900.00	27250.00	54500.00	109000.00
Swiss	0.75	3.75	7.50	15.00	37.50	75.00	187.50	375.00	750.00
U.S. Dollar	1.00	5.00	10.00	20.00	50.00	100.00	250.00	500.00	1000.00
Other Dollar Values									
Canada	0.70	3.50	7.00	14.00	35.00	70.00	175.00	350.00	700.00
France	0.16	0.80	1.60	3.20	8.00	16.00	40.00	80.00	160.00
Germany	0.63	3.15	6.30	12.60	31.50	63.00	157.50	315.00	630.00
Italy	1.36	6.80	13.60	27.20	68.00	136.00	340.00	680.00	1360.00
Japan	109.00	545.00	1090.00	2180.00	5450.00	10900.00	27250.00	54500.00	109000.00
Switzerland	0.75	3.75	7.50	15.00	37.50	75.00	187.50	375.00	750.00
U.K.	0.65	3.25	6.50	13.00	32.50	65.00	162.50	325.00	650.00
Forward Rates									
Canada	0.70	3.50	7.00	14.00	35.00	70.00	175.00	350.00	700.00
France	0.16	0.80	1.60	3.20	8.00	16.00	40.00	80.00	160.00
Germany	0.63	3.15	6.30	12.60	31.50	63.00	157.50	315.00	630.00
Italy	1.36	6.80	13.60	27.20	68.00	136.00	340.00	680.00	1360.00
Japan	109.00	545.00	1090.00	2180.00	5450.00	10900.00	27250.00	54500.00	109000.00
Switzerland	0.75	3.75	7.50	15.00	37.50	75.00	187.50	375.00	750.00
U.K.	0.65	3.25	6.50	13.00	32.50	65.00	162.50	325.00	650.00
Libor-Libor Rates									
1-month	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
3-month	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
6-month	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
1-year	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Key Money Rates									
U.S. Dollar	1.00	5.00	10.00	20.00	50.00	100.00	250.00	500.00	1000.00
British	0.65	3.25	6.50	13.00	32.50	65.00	162.50	325.00	650.00
Canadian	0.70	3.50	7.00	14.00	35.00	70.00	175.00	350.00	700.00
French	0.16	0.80	1.60	3.20	8.00	16.00	40.00	80.00	160.00
German	0.63	3.15	6.30	12.60	31.50	63.00	157.50	315.00	630.00
Italian	1.36	6.80	13.60	27.20	68.00	136.00	340.00	680.00	1360.00
Japanese	109.00	545.00	1090.00	2180.00	5450.00	10900.00	27250.00	54500.00	109000.00
Swiss	0.75	3.75	7.50	15.00	37.50	75.00	187.50	375.00	750.00
U.S. Dollar	1.00	5.00	10.00	20.00	50.00	100.00	250.00	500.00	1000.00
Other Dollar Values									
Canada	0.70	3.50	7.00	14.00	35.00	70.00	175.00	350.00	700.00
France	0.16	0.80	1.60	3.20	8.00	16.00	40.00	80.00	160.00
Germany	0.63	3.15	6.30	12.60	31.50	63.00	157.50	315.00	630.00
Italy	1.36	6.80	13.60	27.20	68.00	136.00	340.00	680.00	1360.00
Japan	109.00	545.00	1090.00	2180.00	5450.00	10900.00	27250.00	54500.00	109000.00
Switzerland	0.75	3.75	7.50	15.00	37.50	75.00	187.50	375.00	750.00
U.K.	0.65	3.25	6.50	13.00	32.50	65.00	162.50	325.00	650.00

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EUROPE

Competition Hurts Sales At Telekom

Compiled by Our Staff From Dispatches

BONN — Deutsche Telekom AG, the biggest telephone company in Europe, said Wednesday that its sales fell in the third quarter as it lost ground to competitors.

It was the first time that Deutsche Telekom's sales had fallen since the German telecommunications market was fully liberalized in January. Sales in the quarter slipped 0.5 percent, to 17 billion Deutsche marks (\$9.98 billion), from a year earlier. That comes after an increase of 4.3 percent in the first quarter and 4.5 percent in the second quarter.

Rivals have grabbed an estimated 11 percent of Telekom's long-distance market share, putting more pressure on the former monopoly to cut costs and losses in other businesses.

Telekom had said last month, in a preliminary report, that its third-quarter net income rose 31 percent to 1.05 billion DM. The company said Wednesday that nine-month net income rose 24 percent, to 3.04 billion DM.

Its shares, however, dropped to 47.40 DM, down 0.95, after Telekom said the profit margin in its mobile phone operations shrank to 15 percent in the first nine months from 22 percent for all of 1997. The company attributed the lower return to price cuts as much as 63 percent as it seeks to overcome Mannesmann AG, which operates the largest mobile phone service in Germany.

Telekom is preparing to slash prices in the long-distance trade by similar percentages to try to regain customers lured by its new rivals' discounts. Ron Sommer, the chief executive, said the company was forced to adopt its competitors' bargain-basement strategy after losing more long-distance market share in 1998 than expected. (Bloomberg, AFP)

Bouygues Shareholder Backs Out

Bolloré's Cancellation of Pact Opens Door for New Suitors

Compiled by Our Staff From Dispatches

PARIS — Vincent Bolloré, a French business executive, said Wednesday he was canceling a one-year-old pact with Bouygues SA's management, opening the door for potential suitors interested in a stake in Europe's largest construction group.

The pact, which had been scheduled to hold force for five years, capped Mr. Bolloré's stake in Bouygues at 14 percent.

Shares in Bouygues rose strongly, closing at 1,115 francs (\$194.70), up 35, because Mr. Bolloré's exit might allow others to buy into the company, whose interests range from water utilities to telecommunications.

"The battle for Bouygues control appears open," said Marie-Christine Liviane, an analyst with KBC Securities.

The two sides have been at odds since the spring, after Mr. Bolloré

criticized Bouygues's venture in mobile phones, through its Bouygues Telecom SA unit. This summer, the construction company's chairman, Martin Bouygues, and his brother Olivier, who is Bouygues's chief executive, declared void the pact they signed last December with Mr. Bolloré.

A sign that the commercial court could rule against Mr. Bolloré came this month when the French stock market regulator said it did not consider that Martin Bouygues and Mr. Bolloré were acting "in concert." The court was scheduled to have a hearing on the pact Dec. 3.

Mr. Bolloré's decision to cancel the accord suggests that he expected the Paris court to rule against him, analysts said.

"The Bolloré group decided to regain its freedom of maneuver regarding Bouygues's capital," Mr. Bolloré's holding company said.

In a statement, the Bouygues brothers said they welcomed Mr. Bolloré's decision.

The brothers have 14.6 percent of Bouygues's capital and 22.6 percent of its voting rights. Mr. Bolloré had 12.4 percent of the capital and 10 percent of the voting rights at the latest official count, in October.

Some analysts said Mr. Bolloré's move may mean he has adopted a strategy to force the breakup of Bouygues.

"Now Bolloré can increase his stake beyond the 14 percent level and move to break up the company as he has always planned to do, or sell to someone else," a trader at a Paris brokerage said.

But not all analysts think that conflict over strategy will come to a head, and some even think that discord could end and Bouygues's future become more harmonious. (Bloomberg, AFP)

Primakov And IMF Stay at Odds

Reuters

MOSCOW — Prime Minister Yevgeny Primakov vowed Wednesday that he took tough measures to end Russia's economic crisis, but the International Monetary Fund's Moscow representative said the IMF wanted more evidence Russia was ready to tackle its chronic problems.

In a further sign of the depth of Russia's crisis and its needs for foreign assistance, Deputy Finance Minister Mikhail Kasyanov said Moscow would be able to repay less than \$10 billion of the \$17 billion of its foreign debt that came due next year. Mr. Primakov did nothing to play down the depth of the crisis in his televised remarks, but he said he still believed the answer to Russia's economic problems lay in increasing state intervention.

Mr. Primakov offered no new proposals for turning the economy around. His comments on the economy also clashed with the position of the IMF, which opposes strengthening the role of the state and fears Mr. Primakov is steering Russia away from economic reform. The IMF failed this week to reach agreement in Moscow on policies that might lead to new credits.

Martin Gilman, the IMF's representative in Moscow, said the Fund wanted to see a program that would inspire confidence in the government's ability to tackle social and economic problems.

Deal on Soviet-Era Debt

The London Club of bank creditors, representing holders of Russia's restructured Soviet-era debt, agreed to let Russia pay \$216 million of a \$940 million debt payment due next Wednesday in cash, with the remainder to be paid with new interest-bearing notes. Bloomberg News reported from Moscow.

KLM and Alitalia to Form Alliance

Bloomberg News

AMSTERDAM, Netherlands — KLM Royal Dutch Airlines NV and Alitalia SpA are to agree Friday to share marketing, ticketing and fuel costs in an alliance that stretches close to a merger.

Europe's fourth- and seventh-biggest carriers will not exchange equity stakes under the pact, which will see them act as a single unit for passenger and cargo operations and may lead to a joint management structure for shared operations.

The alliance will involve the creation of two companies to control passenger and freight, according to Alitalia, extending cooperation fur-

ther than groupings like the Star Alliance, whose members can seat on each other's flights, link frequent flyer programs and make joint fuel purchases.

The carriers "want to bundle as many activities together as possible," said Richard Brakenhoff, an analyst at Kempen & Co. in Amsterdam. "They want to see if they can work together first and then a merger could be a possibility."

Airlines are relying more on alliances that allow them to boost profit and expand their networks without having to invest in another carrier. Alitalia said a pact with KLM to share cargo traffic to 16 cities and

passengers on long-haul routes will save it 50 billion lire (\$30 million) next year, close to 1 percent of sales. KLM did not give an estimate.

Trouw, a Dutch daily, has reported that both carriers will save a total of 730 million guilders a year (\$380 million) from the alliance, citing two internal reports in each company. KLM and Alitalia declined to comment on the report.

The KLM-Alitalia linkup aims to hit straight at rival associations such as the Star Alliance, the world's biggest grouping, which includes Lufthansa and United Airlines, and Oneworld, which counts British Airways and American Airlines.

Investor's Europe

Exchange	Index	Wednesday Close	Change
Frankfurt DAX		4,844.37	+1,850.88
London FTSE 100		5,783.30	+1,268.30
Paris CAC 40		3,580.84	+3,830.38
Stockholm SX 16		1,131.10	+1,330.46
Vienna ATX		4,435.37	+4,885.77
Zurich SPI		4,435.37	+4,885.77

Very briefly:

- DaimlerChrysler AG plans to invest 900 million rand (\$158 million) to expand its Mercedes-Benz plant in South Africa, a move that is expected to bring growth to the region and jobs for an estimated 10,000 people.
- British Petroleum Co.'s shareholders overwhelmingly approved its planned takeover of Amoco Corp. of the United States. Amoco's shareholders are to vote on the deal Dec. 10.
- Emerson Electric Co. agreed to buy the 49 percent of In Astec (BSR) PLC that it did not already own for \$5 pence a share, more than twice the British electronics company's current market value. The recommended offer values the whole company at £265 million (\$440.3 million).
- Britain's trade deficit widened to a record £2.50 billion in September from £1.28 billion in August as the strong pound and the slump in world markets reduced international demand for British goods.
- Carlton Communications PLC, Britain's largest commercial-television broadcaster, named Steven Cain as its chief executive beginning next year, ending a search that began in September. Mr. Cain, 34, now works at Asda Group PLC as a marketing director.

WORLD STOCK MARKETS

Wednesday, Nov. 25
Daily prices in local currencies.

High Low Close Prev.

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NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded NASDAQ market securities
in terms of dollar volume, updated twice a year.
The Associated Press

Symbol	Company	Price	Change
AMZN	Amazon.com	34 1/4	+1 1/4
GOOG	Google	273 1/4	+10 1/4
MSFT	Microsoft	34 1/4	+1 1/4
INTL	International	10 1/4	+1 1/4
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NYSE

Wednesday's 4 P.M. Close
(Continued)

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INTL	International	10 1/4	+1 1/4
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INTERNATIONAL MANAGER

AOL's Master of Deals: A Low-Key Pioneer

By Mark Leibovich
Washington Post Service

WASHINGTON — Steve Case has always been one of the most unlikely pioneers on the Internet's frontier.

In a medium moving at a dizzying speed, he has been seen as a deliberate leader, more a manager than a technology-oriented "geek." In an industry whose best-known figures — Steve Jobs of Apple Computer Inc., Bill Gates of Microsoft Corp. and Lou Gerstner of International Business Machines Corp. — are known as strong personalities, Mr. Case is a cool, consensus-building chief executive.

But now, Mr. Case, the chairman and chief executive of America Online Inc., is at the center of the most significant strategic alignment since the Internet was popularized in the middle of this decade: the alliance of AOL, Netscape Communications Corp. and Sun Microsystems Inc.

"Steve Case will never be mentioned with Bill Gates and Steve Jobs as a visionary or inventor," Paul Noglows, a technology-industry analyst at San Francisco-based Hambrecht & Quist, said after the alliance was announced. "But when our children read about the history of the Internet, they're going to be reading about Steve Case."

The announcement Tuesday of the deal, which includes AOL's purchase of Netscape for about \$4.2 billion in stock, showed that Mr. Case was clearly the man at the helm of the proceedings, speaking more often and commanding more than the Netscape chairman, James Barksdale, and the chief executive of Sun Microsystems, Scott McNealy, both normally more exuberant types.

"I think it's clear that Steve Case has become the premiere CEO in the Internet space," said John Sidmore, chief executive of UUNET WorldCom in Fairfax, Virginia, who has known Mr. Case for five years.

No one can claim greater responsibility than Mr. Case for the commercialization of the Internet, Mr. Sidmore said. With the AOL-Netscape-Sun deal, Mr. Case succeeded where many have failed by marrying, at least for the moment, industry titans that have played radically different roles in shaping the Internet.

"This will be the biggest single development in the maturation of e-commerce," Mr. Sidmore said of the deal.

The Internet, he said, was developed by many small companies, all focused on their own distinctive bits and bytes, but now, "For the first time ever, you'll have a diverse family of products and technologies under the same umbrella."

It took a personality like Mr. Case to bring these powerful but disparate entities together. Born in Hawaii, he majored in political science at Williams College in Massachusetts and cut his teeth not in an engineering laboratory but as a marketing executive at PepsiCo Inc. and Procter & Gamble Co.

In a realm defined by dizzying technological change and turn-of-the-dime decision-making, Mr. Case is said to have never lost sight of long-term views and forging consensus.

He is described as the technocrat politician more than the entrepreneur. This approach might not be as glamorous, but it may be better suited to long-term success, friends say.

"Other technology executives seem to have blinders on," said George Vradsburg, AOL's general counsel. "Steve has 360-degree vision. He integrates a lot of views when he's making decisions."

While Mr. Vradsburg describes Mr. Case as "paranoid" about what AOL's competitors are doing — a kind of badge of honor in technology after the Intel Corp. chairman, Andrew Grove, titled his autobiography "Only the Paranoid Survive" — he said Mr. Case never acted rashly.

But Mr. Case can match the monomaniacal credentials of any executive, some say. "The man eats, sleeps and drinks this com-

pany," said James Kimsey, AOL's chairman emeritus and founder. Mr. Kimsey added that Mr. Case was "much more at home behind a keyboard than a podium."

Mr. Case had a boyhood dream of building a company that shaped public consciousness, Mr. Kimsey said. The latest deal represents its most dramatic manifestation.

"I've always respected that Steve has never sold out along the way," said Mark Warner, managing director of Columbia Capital Corp. in Alexandria, Virginia.

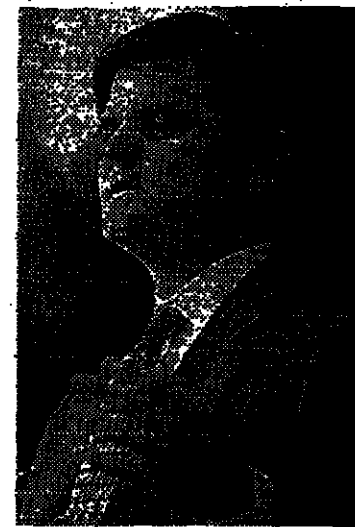
"A lot of companies and a lot of CEOs might have declared victory a long time ago and moved on," Mr. Warner said. "But he has stayed to true to his vision."

Mr. Warner called the deal that was announced Tuesday the best example of Mr. Case's "stepping up to the plate."

Mr. Case assiduously shuns any discussion of his personal role in bringing together two Silicon Valley powerhouses, Netscape and Sun, or his place in the building of the Internet.

"This is less about Steve Case," he said briskly in an interview Tuesday. "When the dust settles, hopefully, people will look back and say that we built a medium we can all be proud of."

In recent months, friends say, Mr. Case has paid closer attention to AOL's role as a cultural, political and social phenomenon. He has



George Belding/The Associated Press
Steve Case is clearly at the helm of the proposed alliance.

become more visible in local political causes — notably, joining a technical advisory board to the governor of Virginia, James Gilmore — and many of AOL's senior executives have become active in civic and technology advocacy groups.

Mr. Case said this activity had been driven by a growing awareness of the Internet's power in shaping the world. He is trying to evolve with the industry and the era, he said.

But when asked whether the Netscape deal, with all its possible ramifications, would have any bearing on his own life, Mr. Case answered, predictably, "No."

AOL: New E-Commerce Leader

Continued from Page 13

Chief among them is whether it can appear to have consistency, focus and follow-through that corporate customers demand.

"AOL is not the first company that comes to my mind when it comes to business-quality software," said Robert Chatham, a senior analyst with Forrester Research.

Its decision to keep Netscape as a separate unit and offer electronic-commerce services in partnership with Sun will not enhance its credibility, Mr. Chatham said. "America Online doesn't look like a homogenous vendor," he added. "It looks like customers will have to tangle with a menage a trois of AOL, Netscape and Sun."

Nor have Internet service providers and other telecommunications-oriented companies shown much evidence, Ms. Gere of International Data said, that they are capable of offering the highly specific customized services that big corporate clients demand.

Telecommunications companies that try to do things efficiently for a large number of customers have not been able to offer customized one-to-one relationships," she said.

Mr. Pittman, the AOL president, said his company had been driven to the e-commerce business because companies that approached it wanting to sell their goods needed more than simply advertising on-line. "We are finding people who are expert in running bricks-and-mortar stores are limited by their infrastructure," he said. "They have an on-line store, but their square footage is too small."

Even before the Netscape deal, America Online was moving to provide some electronic-commerce software and services. It has been rewriting the software that lets companies open on-line stores to be based on universally accepted Internet standards rather than the specific computer language used only on America Online. This new software, which now will be combined with Netscape's on-line store services, will be available for companies to use both on America Online and on the Internet.

Similarly, AOL has developed a service that lets users create a file with their credit card numbers and shipping address so they can make on-line purchases without retyping all that information each time. America Online is working to offer it — for a fee — to stores on the broader Internet.

Some competitors worry that America Online's electronic-commerce services may simply be a device to sell its software and hardware. "The challenge is to prove that clients are getting the best possible solution for their business," said Robert Gertt, the chief executive of Viant. "If they offer AOL and Netscape and Sun, their answer is a bit tainted."

LEADING POSITIONS

Where does Paribas stand, one year after completing the largest ever restructuring operation in the history of the French banking industry?

- No 1 bank for ECU/Euro-denominated bond issues*.
- No 1 among French banks for return on equity.
- No 1 European direct investment portfolio with Paribas Principal Investments.
- No 1 bank in France and in Europe, 7th worldwide for Securities Services**.
- No 1 among European banks for consumer finance.
- No 1 in France with "Banque Directe".
- Only French bank to boast "primary dealer" status in the United States and Japan.

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* Source: Capital DataBondare

** Sources: GSCS Benchmarks, ICB, Institutional Investor

BANKS: Europe Looks Abroad

Continued from Page 13

speculation about other big deals. Dresdner Bank AG, which owns the investment bank Dresdner Kleinwort Benson, has acknowledged that it is interested in American acquisitions.

Other institutions may feel pressure too, analysts said. Credit Suisse Group conducted talks with Chase Manhattan this year.

UBS, which is still struggling to reorganize after its merger with Swiss Bank Corp., may still have an appetite for a U.S. investment bank. Though UBS has an American base in asset management, Warburg Dillon Read, its investment banking business, is not in the top tier of Wall Street firms.

Behind the chess-like maneuvering lie deeper problems. Except for Credit Suisse Group, which owns Credit Suisse First Boston, European commercial banks have had little success when they have bought Wall Street investment banks. Investment banking, with its reliance on superstar dealmakers and stratospheric salaries, remains alien to the stodgy "universal" banks that are built around traditional lending activities.

"It's an open question as to whether the endgame of containing the two things under one roof is workable," said Claus Lowe, chairman of J.P. Morgan & Co.'s German office.

"The culture in retail consumer banking and wholesale investment banking are just so different."

Analysts and industry executives have been almost uniformly critical about Deutsche Bank's attempt to buy Bankers Trust, which derives most of its income from investments banking activities but is not big enough to compete directly with Wall Street's biggest firms.

"It is the management challenge from hell," said Peter Thorne, a banking analyst at Paribas Capital in London.

European banks and insurers may well be more focused on deals with one another than with Wall Street firms. Many institutions have become fixated on the idea of marketing bank services and insurance through the same channels, and European insurers have a web of cross-shareholdings with banks.

For instance, Commerzbank AG, Germany's fourth-largest bank, recently exchanged a 5 percent stake with Assicurazioni Generali SpA, a big Italian insurer. Besides giving both companies new channels to market their products in Europe, many bankers say the deal provides Commerzbank with a white knight to fend off takeover attempts.

But so far, most of the big deals have been between banks within individual countries. In Italy, Credito Italiano SpA acquired the rival Unicredit for about \$7 billion this year. The two biggest banks in the German state of Bavaria, Bayerische Vereinsbank AG and Bayerische Hypothek- & Wechselbank AG, merged to form Bayerische Hypo- & Vereinsbank AG in a deal that created Germany's second-largest bank. Several Scandinavian banks have reached deals to merge.

The action is not over. One of the most aggressive banks in recent years has been ABN-AMRO, which has acquired businesses in most European countries and unsuccessfully attempted a \$12 billion hostile takeover of Generale de Belgique. ABN has bought up smaller banks and brokerage firms across Europe, and it acquired a Michigan-based savings bank, Standard Federal Bancorp., for \$1.9 billion two years ago.

With total assets of about \$500 billion, the Dutch bank is now in the same league as Germany's biggest institutions.

In some countries, political obstacles continue to block many bank mergers. In Germany, 80 percent of the bank industry is controlled by either nonprofit cooperatives or publicly owned institutions. Private banks such as Deutsche Bank and Dresdner Bank AG are essentially prohibited from buying these institutions.

In France, government leaders continue to block foreign banks from taking over French institutions. Even loss-plagued Credit Lyonnais SA, which the government is desperately trying to sell, remains off limits to banks from other European countries.

"France in a way is a closed shop," said Michael Klein, a German bank analyst at Sal. Oppenheim in Frankfurt. "They don't want to sell their silver to foreigners, but they don't have enough money to really enter Germany."

KOREA: In 'Severe' Recession

Continued from Page 1

after the International Monetary Fund pieced together a package of nearly \$60 billion in loans. But it is now living under austerity conditions as a result.

The prospect of a continuing recession contradicted upbeat reports from South Korean officials, who have cited foreign-exchange reserves of more than \$45 billion and a stable currency as indications of recovery.

The IMF and the Seoul government have predicted that the economy will shrink as much as 7 percent this year. So far this year, it has shrunk 5.9 percent.

"The economy at this stage is not showing signs of a turnaround," said Hank Morris, a financial consultant. "They haven't started retooling their industry."

The Bank of Korea cited rising reluctance among South Korean consumers to spend money and a regimen of cost-cutting by manufacturers as reasons the economy remained in the depths of recession.

"Dragged down by a persistent reduction in household spending," the report said, "private consumption showed a 12 percent decrease." Other major factors were a 7.3 percent unemployment rate and 21,000 bankruptcies this year.

Many foreign analysts predict that South Korea will not recover from recession until after 2000, as it battles to pay debts and keep pace with competitors in Japan and the West.

ASIA/PACIFIC

Pakistan to Avert Default With IMF Bailout

Compiled by Our Staff From Dispatches

ISLAMABAD — Pakistan and the International Monetary Fund agreed Wednesday on a \$5.5 billion rescue package, ending months of negotiations that stalled after Pakistan carried out nuclear tests in May.

The IMF package will enable Pakistan to avoid defaulting its \$32 billion debt and ends months of economic uncertainty during which Pakistan's stock market plunged to record lows, foreign investment dried up and jittery Pakistani investors stayed out of the market.

The package includes \$3.5 billion in loan restructuring, \$1.33 billion in loans from the IMF, the World Bank and the Asian Development Bank,

and \$400 million in loans from individual countries, Finance Minister Ishaq Dar said.

The deal still requires final approval from the IMF board of directors. The bailout package also comes with a number of conditions, which include structural reform in the banking sector, tax reform to increase the country's tax base and revenue as well as a provision to try to reduce corruption.

"It is a home-grown program," Mr. Dar said. "It has not been imposed from any other country."

The biggest hurdle to the bailout package was removed earlier this month when the United States agreed to support a one-time deal for

Pakistan despite sanctions imposed on both Pakistan and neighboring India after the nuclear tests in May.

The country needs new money immediately as its foreign currency reserves have plunged to about \$400 million after the economic sanctions crimped the flow of dollars to the country. Pakistan did not even have dollars to pay the \$1.5 billion in loan repayments due this month, analysts said.

A failure to get IMF funds could have resulted in a default on billions of dollars in debt, pushing the rupee and the stock market lower and triggering a recession and political unrest, analysts said.

After starting the day lower, stocks

rebounded on news that the finance minister was about to announce the package. The benchmark Karachi Stock Exchange Index of 100 shares climbed 252 points to 1013.75.

Mr. Dar said the deal was good news for Pakistan and would not result in a further devaluation of the Pakistani rupee, which now stands at 56 rupees per U.S. dollar in the open market.

He said Pakistan had shelved an earlier agreement for \$1.5 billion from the Islamic Development Bank "because the conditions were very harsh." He said the interest rate being charged by the Islamic Development Bank was too high. (Bloomberg, AP)

Japan's Economy Faces Dip

The International Monetary Fund projects Japan's economy will contract almost 3 percent this year as the country tries to pull itself out of recession, according to Michel Camdessus, the IMF managing director. Bloomberg News reported from Madrid.

"We think this year is going to be seriously negative, almost 3 percent negative," Mr. Camdessus said in a speech to a financial conference. "We expect next year will be just around zero" growth.

That is worse than the IMF projected two months ago when it said Japan's economy would contract 2.5 percent this year and post 0.5 percent growth in 1999.

"We expect the trend will continue toward recovery the following year but this isn't certain," Mr. Camdessus said. "This creates obviously a not very promising situation for the countries of Asia that need Japan to get them out of grave" economic difficulties, he said.

New Glitch Hits Trading In Tokyo

Bloomberg News

TOKYO — The Tokyo Stock Exchange's futures and options trading system failed Wednesday for a second consecutive day as a computer programming error shut down trading in the last minute of business.

The glitch prevented the exchange from setting a closing price on Japanese government bond futures for December delivery, said Mitsuru Suyama, director of the trading systems department of the exchange.

The exchange recently upgraded its derivatives trading system to address technical difficulties associated with the year 2000 computer bug.

Persistent systems failures would be a serious blow to the exchange, which is preparing for looming competition with privately run electronic trading systems.

"We're planning a thorough inspection," Mr. Suyama said.

"We introduced the new system confident there'd be no problems, but in afterthought it seems we didn't test the system sufficiently."

The problem Wednesday occurred when a routine process involved in setting the closing price on the bond futures contract failed.

The exchange is waiting for

Investor's Asia

Exchange	Index	Wednesday Close	Tuesday Close	% Change
Hong Kong Hang Seng		10,137.75	10,137.75	0.00
Singapore Straits Times		1,390.51	1,412.80	-1.58
Sydney All Ordinaries		2,748.40	2,760.20	-0.43
Tokyo Nikkei 225		15,075.07	15,164.04	-0.59
Kuala Lumpur Composite		582.15	588.36	-1.05
Bangkok SET		381.01	383.68	-0.70
Seoul Composite Index		454.01	458.78	-1.04
Taipei Stock Market Index		7,213.50	7,435.84	-2.99
Manila PSE		1,988.94	1,981.25	0.39
Jakarta Composite Index		287.58	420.08	-31.78
Wellington NZSE-40		1,981.74	1,985.71	-0.20
Bombay Sensitive Index		2,881.69	2,908.58	-0.93

Source: Reuters

International Herald Tribune

Taiwan to Run Bank Amid Inquiry

Bloomberg News

TAIPEI — The government took over the management of Taichung Business Bank on Wednesday and named its chairman from leaving the country after the regional bank made loans to six companies connected to its parent.

An investigation into the matter, which follows the collapse of two Taiwan finance companies and a lowering by Moody's Investors Service Inc. of credit ratings on 10 Taiwan banks, helped send bank stocks tumbling and sparked a 3 percent fall in the benchmark stock index.

Taiwan's central bank lent the bank \$1 billion (Taiwan dollars (\$277.4 million)) for a month after what it called "abnormal withdrawals" Wednesday

by depositors. The loan was made "to stabilize its finances and safeguard depositors' rights," the central bank said, and will be collateralized with reserves kept at the central bank.

Taichung Business Bank lent 10.3 billion dollars through its Taipei branch this month, a fivefold increase from the previous month, according to local news reports. The Finance Ministry said 7.45 billion dollars of that went to six companies linked to the unlisted Kwang San Group, which has a controlling stake in the bank.

"The money lent to the six companies — that money won't be coming back," said Jenny Huang, a banks analyst at Fubon Securities Investment Trust Co.

While the losses won't sink

Taichung, other banks face "latent problems" with such lending to shareholders, she said.

Taichung was placed under the control of the Central Deposit Insurance Corp., a government agency that guarantees bank deposits, and the bank's chairman, Tseng Cheng-jen, will not be allowed to leave the island until the investigation is complete, the Ministry of Finance said.

Mr. Tseng is also chairman of Kwang San Group, which last month took a controlling stake in Commercial Bank and replaced some of its board members, analysts said.

Finance Minister Paul Chiu said Taichung Business Bank was sound, with a capital-adequacy ratio of 13.8 percent.

GM: Opels for Thailand

Bloomberg News

BANGKOK — General Motors Corp. said Wednesday that its new plant in Thailand would produce Opel cars when it opened in mid-2000.

The world's largest automaker said it would announce Monday which of the models designed by its German-based Adam Opel AG unit the Thai factory will build.

GM has been slow to decide exactly what to do with its new Southeast Asian production hub as recession deepened across the region. It initially planned to invest \$750 million in the plant but cut that by a third. It then put back the opening by a year.

The company has also taken its time deciding what to build. It first announced it would build a mid-sized Opel sedan, but reports this year suggested it was leaning toward something cheaper, possibly a small utility vehicle.

In May, the company said it was re-examining the choice because an Opel might be too expensive for weak Asian economies. But the

company said Wednesday that the "first car produced in the GM Thailand assembly center" would be an Opel.

GM picked Thailand two years ago for the plant, over the Philippines, making a delayed entry into a country where a dozen of its international rivals already have production facilities.

Japanese automakers, led by Toyota Motor Corp. and Isuzu Motors Ltd., hold a 90 percent share of the Thai market. Vehicle sales in the country fell by two-thirds in the first 10 months of this year, though sales rose 23 percent in two years — in October.

GM's plant is in Rayong, about 120 kilometers (75 miles) from Bangkok, and plans for a mid-sized Opel sedan, but reports this year suggested it was leaning toward something cheaper, possibly a small utility vehicle.

Ford-Mazda factory opened about three months ago and makes pickup trucks. Volkswagen AG last month surpassed Opel as the best-selling car brand in Europe.

Very briefly:

Broken Hill Proprietary Co. predicted its first-half profit would fall "significantly" because of a production stoppage at its Bass Strait oil fields and a slump in steel demand and commodity prices. BHP has cut production at its Australian steel-products division by 14 percent.

Faber Group Bhd., the hotel arm of Renong Bhd., Malaysia's biggest industrial group, rejected an offer from Hilton International Co. to buy two of its Sheraton hotels, saying the price was too low. Faber aims instead to raise as much as 600 million ringgit (\$158.3 million) through the sale of bonds that could be exchanged for Faber shares in five years.

Expirit Holdings Ltd. plans to take advantage of falling rents in Asia to about double the size of its 293 stores in the region. The Hong Kong-based company is also slashing prices by as much as 40 percent in some Asian markets.

GIO Australia Ltd., a general insurer, won the latest round in its battle to fend off a bid by AMP Ltd. as a court ruled the country's largest life insurer had issued "misleading" takeover documents. AMP is offering 3 billion Australian dollars (\$1.93 billion) for GIO.

Compaq Computer Corp. remained the largest personal computer vendor in Asia, with 9 percent of the market, followed by International Business Machines Corp. with 8 percent and Legend Holdings of China with 6 percent, according to International Data Corp. Unit sales of computers in Asia fell 2.3 percent in the third quarter from a year earlier.

Northwest Airlines Corp. would be a better partner for Philippine Airlines Inc. than Cathay Pacific Airways Ltd. Philippine government official said. A proposed alliance with Cathay ran into problems this week over conditions imposed by the Hong Kong carrier. (Bloomberg, Reuters)

GROWTH ACTIVITIES

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Pipeline to Link Russia to Caspian

Oil Deal With Kazakhstan Aims to Rebuild Moscow's Credibility

• Hong Kong's Futures Exchange cut margins on Hang Seng Index futures b

rect and mutual access to each of the markets. *Reuters, Bloomberg*

Bank financial aid, President Sapa

Mr. Matzke, president of Chevrol

Georgia to Turkey.

Blomberg News

tance's average cost per line is \$

best bank in the neighborhood.

• Hong Kong's Futures Exchange cut margins on Hang Seng Index futures b

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November 25, 1998

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JAEGGER-LECOULTRE

SPORTS

NFL Teams
Want a Piece
Of Holiday PieBy Thomas Goeke
New York Times Service

NEW YORK — Thanksgiving Day games have become such a tradition in the National Football League that teams other than Detroit and Dallas would like a special serving of the day's sweets — especially the competitive edge that they say is allowed the hosts.

Only the Detroit Lions and the Dallas Cowboys are hosts for Thanksgiving Day games, Detroit almost every year since 1934 and Dallas all but two years since 1966. Detroit has a 29-27-2 record in those games; Dallas is 20-9-1. Their opponents vary.

Opposing NFL teams say that the short turnaround — playing on the previous Sunday and then having to travel to Detroit or Dallas to play on Thanksgiving — gives the Lions and the Cowboys a competitive edge.

The thinking goes that the Lions and the Cowboys are more used to the short work week. Lions and Cowboys players and coaches are supposedly more tuned for the annual clash than the opposing players because the opponents change every year.

In recent league meetings, several owners discussed the idea of rotating the Thanksgiving games among NFL sites each year. Basically, they were told to sit down.

Some traditions, it was decided, were 5th keeping.

Detroit plays host to the Pittsburgh Steelers on Thursday, and the Minnesota Vikings visit Dallas.

All the teams playing on Thanksgiving Day this year remain in playoff contention. Detroit, barely. Pittsburgh, mightily. And Minnesota and Dallas? Both are the heavy favorites. Both are division leaders. Both will offer viewers a festive affair.



Shane Doan overshooting Chicago's goal, defended by Jocelyn Thibault.

Coyotes Prolong Streak to 6

The Associated Press
Keith Tkachuk scored twice and assisted on Jeremy Roenick's decisive goal, giving Phoenix a 3-2 victory over the Chicago Blackhawks — a sixth straight victory for the host Coyotes and the longest winning streak in the league.

Phoenix is now 10-0-2 in its last 12 games — the second-longest unbeaten streak in franchise history. The Coyotes could tie the franchise mark they set as

season as St. Louis beat visiting Nashville.

McLennan is the backup for the injured Grant Fuhr, who is sidelined for four to six weeks with a groin strain. McLennan left the game Saturday after one period with back spasms, but showed no signs of stiffness Tuesday against the Predators.

Scott Young, Al MacInnis and Pierre Turgeon also scored for the Blues.

Turgeon scored a power-play goal during a four-goal third period as Boston sent host Tampa Bay to its sixth straight loss.

Bourque, who has scored 10 of his 11 points on the power play, got his second goal of the season with 5:41 remaining.

Dmitri Khristich, who added two assists, had tied the game 1-1 on his team-leading 11th goal with 17:40 left in the third period. Khristich has four goals and eight points in his last three games.

Steve Heinze had a breakout goal with 16:53 remaining and Kyle McLennan scored with 1:19 left.

Brent Peterson scored the Lightning goal at 2:39 of the first period.

At 84, the Battle of DiMaggio's Life

Cancer Surgery Is Confirmed, and So Is a Hero's Vulnerability

New York Times Service

NEW YORK — In the press room of Yankee Stadium not long ago I saw Joe DiMaggio sitting at a table with a few friends. Even in repose he looked elegant, still trim in his dark suit, hair graying and thin but neatly coiffed.

I was reminded of a remark by Henry Kissinger when he sat near DiMaggio in the owner's box in Yankee Stadium. The Yankees had lost a playoff game and Kissinger, on the way out, had said, "Joe, put on a uniform — they can use you." In the mind's eye, Joe still could lunge after a fly ball.

When I saw DiMaggio then, I related to him an unfortunate incident that happened to him some 45 years ago and that he didn't know about.

I was a small boy growing up in Chicago in the 1950s. I told him, and aware of the DiMaggio legend, as was anyone else who followed baseball in America. I had written to the Yankees for a photograph of him, was sent a glossy head shot with him in his baseball cap, and nailed the picture to my bedroom wall. The unfortunate part, I told DiMaggio, was that I had hammered the nail right through his forehead.

"You did?" he said, wincing.

"Looks like it's O.K. now," I said.

"Oh yeah," he said. "I heal fast."

Wednesday marked DiMaggio's 84th birthday, and one wonders whether he can heal as he lies in a hospital in Hollywood, Florida.

DiMaggio was improving steadily after lung cancer surgery, The Associated Press reported.

Dr. Earl Barron, the lead doctor on a team of six physicians who have been treating DiMaggio, confirmed for the first time Wednesday that DiMaggio had had a cancerous tumor removed from his right lung.

Dr. Barron said the surgery was done two days after DiMaggio entered the hospital Oct. 12, and that he had suffered severe complications after the surgery, including a serious lung in-

fection. "For a while, it was tough and go, but he has been showing steady improvement," Dr. Barron said. He added that the prognosis for DiMaggio was "guarded" because of his age.

One wonders whether the man who once hit in 56 straight big-league games, a record that has stood for 57 years, can summon the energy and, perhaps, the requisite miracle to regain full health.

Even before his admission to the hospital, DiMaggio's name was in the news, in an indirect fashion. The Yankees' sterling center fielder, Bernie Williams, the American League's leading hitter and Gold Glove fly-chaser, heir to DiMaggio and Mickey Mantle, and a free agent, has been in controversial negotiations with the Yankees. Williams is as distinguished a ballplayer, if not as iconic, as his famous predecessors.

It is difficult for fans to imagine that their athletic heroes are vulnerable to everything human.

The youth of the ballplayer, or, sometimes, even the coach, is eternal, if only in photographs and film — DiMaggio in his baggy pinstripes is still rapping out hits in his familiar long stride and sweeping stroke of the bat — and in our memory.

Red Holzman can still be seen in that fashion in the huddle, instructing Bill Bradley and Walt Frazier, and Weeb Ewbank may be forever visualized discussing strategy with a mud-splattered Joe Namath on the sidelines. In that sense, Coach Holzman of the New York Knicks and Coach Ewbank of the New York Jets, who both died recently, remain vital to us.

And the former Yankees pitcher Catfish Hunter, because of the Lou Gehrig's disease he has, may soon lose such control in his muscles that he will be unable to even grip a baseball. Such thoughts seem to fall off the radar screen of our comprehension.

Vantage Point/IRA BERKOW

And so it is with Joe D., that intensely proud man, that sometimes impatient and unforgiving man, who, the Yankee management knew, would be insulted if, at Old-Timers' Day, he should not be the last announced.

On the day I apologized for pounding that nail into his head, I gave DiMaggio a photograph of him and Marilyn Monroe taken by Richard Sanborn, who is now a judicial magistrate living in Maryland. Sanborn had been a sergeant in the army stationed in Tokyo in 1954 when DiMaggio and Monroe went on their honeymoon to Japan.

I had written a column on DiMaggio and Sanborn sent the photo to me to give to DiMaggio, saying he had always wanted Joe to have it and didn't know how to get it to him. Would I do it? I did.

AS MOST people know, bringing up his former wife to DiMaggio would end any conversation with him. It was too personal. But I handed DiMaggio the photograph. He thought it was great. "And this guy was just an amateur photographer?" DiMaggio said. "I've got to send him a note and thank him."

Shortly after, alone with DiMaggio, I said, "Marilyn looked beautiful in the picture." "She was beautiful," DiMaggio said, as though relating an insight.

I said, "Joe, there's a question I've always wanted to ask you, if you don't mind." He nodded, knitting his brow.

"There's that great anecdote first written by Gay Talese," I went on, "about when you were in Japan and Marilyn was asked by the brass to entertain the troops in Korea. When she returned to your hotel room, you asked how it went and she said, 'Oh, Joe, you never heard such cheering!' And you said quietly, 'Yes I have.'"

"Did it happen?"

"Yes," DiMaggio said, "it did."

SCOREBOARD

ICE HOCKEY

NHL STANDINGS

TEAM	W	L	T	Pts	GF	GA
New Jersey	11	7	1	23	44	42
Pittsburgh	9	5	4	22	33	27
Philadelphia	9	6	4	22	33	27
NY Islanders	9	11	0	18	29	35
NY Rangers	8	6	16	27	47	52
Washington	8	10	2	20	33	41
Atlanta	7	10	3	17	29	38
Florida	7	10	3	17	29	38
Carolina	6	10	3	15	25	35

NHL STANDINGS

TEAM	W	L	T	Pts	GF	GA
St. Louis	11	7	1	23	44	42
Detroit	9	5	4	22	33	27
Chicago	9	6	4	22	33	27
Edmonton	9	11	0	18	29	35
Calgary	8	6	16	27	47	52
San Jose	8	10	2	20	33	41
Los Angeles	7	10	3	17	29	38
Phoenix	7	10	3	17	29	38
San Jose	6	10	3	15	25	35

BASKETBALL

TEAM	W	L	T	Pts	GF	GA
San Jose	11	7	1	23	44	42
Phoenix	9	5	4	22	33	27
Portland	9	6	4	22	33	27
Seattle	9	11	0	18	29	35
Golden State	8	6	16	27	47	52
Los Angeles	8	10	2	20	33	41
San Antonio	7	10	3	17	29	38
San Jose	7	10	3	17	29	38
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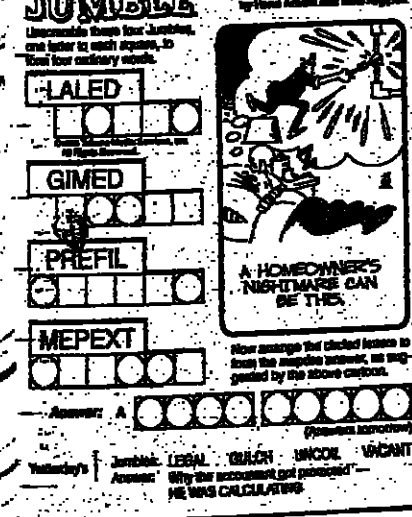
BASKETBALL

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San Jose	7	10	3	17	29	38
San Jose	6	10	3	15	25	35

Dennis the Menace



Jumble



LE PETIT FUTÉ PARIS U.S.



PEANUTS



GARFIELD



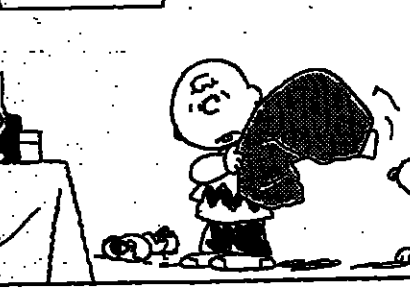
BEETLE BAILEY



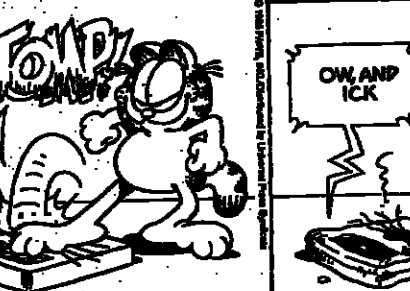
BLONDIE



CALVIN AND HOBBES



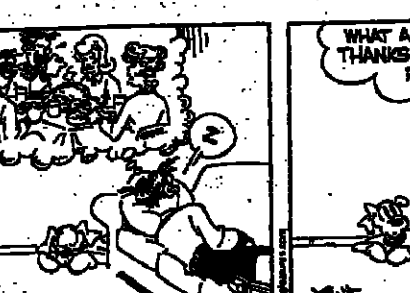
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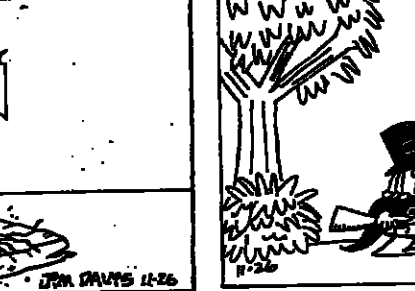
DOONESBURY



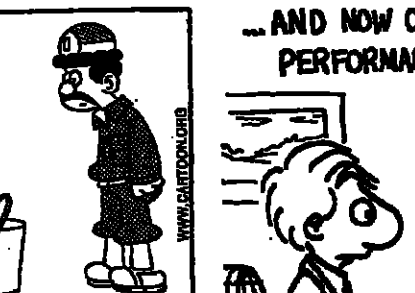
CALVIN AND HOBBES



WIZARD OF ID



NON SEQUITUR



DOONESBURY



CALVIN AND HOBBES



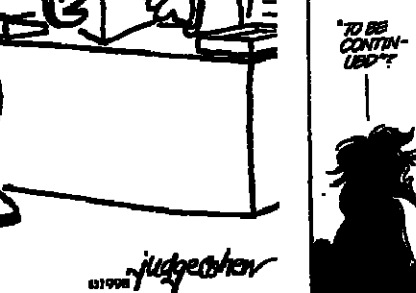
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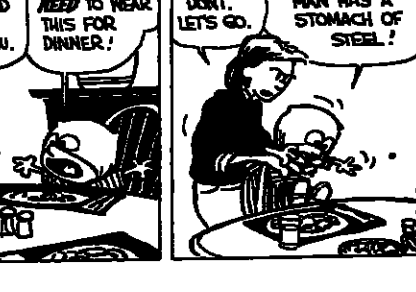
NON SEQUITUR



DOONESBURY



CALVIN AND HOBBES



WIZARD OF ID



NON SEQUITUR



DOONESBURY



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World Championship - Hannover
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Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite

EUROSPORT

Talking Turkey Again

(known in France as *Atmètres Debowish*) and a shy young lieutenant named Jean Alden. Both of them were in love with a flower of Plymouth called Priscilla Mullens (no translation). The *vieux capitaine* said to the *jeune lieutenant*:

Jean said that *Kilomètres Deboutish* was very busy and didn't have time for such things. He staggered on, telling her what a wonderful husband *Kilomètres* would make. Finally, Priscilla arched her eyebrows and said in a tremulous voice, "Why don't you speak for yourself, Jean?" (*Chacun à son tour.*)

No one can deny that le *Jour de Merci* Donnant is a *grande fête*, and no matter how well fed American families are, they never forget to give thanks to *Kilomètres Deboutish*, who made this great day possible.

New York Times Service

Drivers should bear in mind that on New England roadways alone, an estimated 80 people are likely to be killed from Thanksgiving through New Year's Day, according to the Connecticut Department of Transportation.

'Candid Camera': Still Leaving Nothing to Chance

By Andy Meisler
New York Times Service



Allen Funt interviewing a subject in a 1963 segment of "Candid Camera."

Terry Borwick, a CBS senior vice president, says: "It may feel a little retro, but that's O.K. It's actually an American cultural icon. It says a lot about the strength of the

that hidden cameras are very, very potent and as such a potentially dangerous tool. They can have got to be in the right hands, and they have to be used responsibly."

Funt, the 51-year-old son of Allen Funt, "Candid Camera's" creator, says the responsible use of hidden cameras — a credo he

Allen Funt, who started "Candid Microphone" on radio in 1947, brought the concept to ABC's television division the following year. "Candid Camera" was broadcast on various networks and in various time slots until 1960, when it entered what

Virtually no one, Funt says, refuses to sign his waiver. "Well, people are basically good-natured about it," he explains. "I guess they just say, 'Gosh darn it, they got me!' and trust that we won't portray them in a mean or spiteful way."

PEOPLE

THE opera star Luciano Pavarotti has agreed to sing three performances of Puccini's "Tosca" at the Metropolitan Opera in New York over this season. The general manager of the opera house, Joseph Volpe, says that the star would appear at the theater, Cavaradossi on March 16, 20, and 25. Pavarotti, whose performances invariably sell out, was to have sung the role three times this month but canceled because he was still recuperating from hip- and knee-replacement surgery. He was replaced by Richard Leech, who will now be performed by Pavarotti.

Over the past 18 years, the National Yiddish Book Center in Amherst, Massachusetts, has recovered nearly 1.5 million volumes that serve as a record of Jewish life before the Holocaust. Bristle with age, many of the works are now threatened with extinction. Steven Spielberg hopes to remedy the situation. His Righteous Persons Foundation has made a grant of \$500,000 to create "The Steven Spielberg Digital Yiddish Library." Using digital technology, the library intends to preserve works permanently by *digitizing them on demand*, issuing them as CD-ROMs and making them available on the Internet. The project, whose first volumes will be out early next year, insures access to a "lost Atlantis of cultural treasure," said Aaron Lansky, the center's founder.

Movie costumes worn by Madonna and Leonardo DiCaprio didn't live up to their star billing at an auction of Hollywood memorabilia in London. A silk floral dress worn

by Madonna in "Evita" went to an unidentified buyer for \$2,200. It had been expected to go for at least \$4,800 at the Bonhams auction house. A shirt, tunic, breeches and coat that DiCaprio wore in "The Man in the Iron Mask" were expected to bring around \$5,000. But the top bid, from an unidentified American, was \$3,600.

A sale of what was billed as the most valuable single-owner collection of European furniture put up for auction yielded disappointing results, bringing less than half the \$30 million or \$40 million expected. Of the 81 lots offered at Christie's in New York only 54 found buyers, although the top five all fetched more than \$1 million. "English furniture was the star of today's sale," said Alistair Clarke, head of Christie's New York European furniture department, noting that two commodities brought the highest prices ever for English furniture at auction in New York.

□

Tony Kaye's squabble over the fate of his movie "American History X" has landed in court with a \$200 million lawsuit. Kaye contends he wasn't allowed to remove his name from the movie's credits after the film's star, Edward Norton, was given responsibility by the studio for making several changes, which lengthened his role. "What would have been a great film is now a good film," Kaye said. He charges that the Directors Guild of America was silent when New Line Cinema and Norton teamed up with his work, and New Line and the guild are co-defendants in the lawsuit filed in Washington.

Frank Petit/Agence France-Presse

CURTAIN UP — The Spanish actress Lucia Jimenez at the Festival of Three Continents, which shows films of Africa, Asia and South America. She is a judge for the festival in Nantes, France, marking its 20th year.

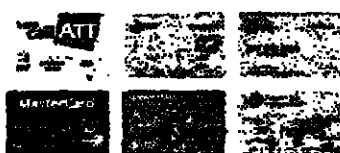


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